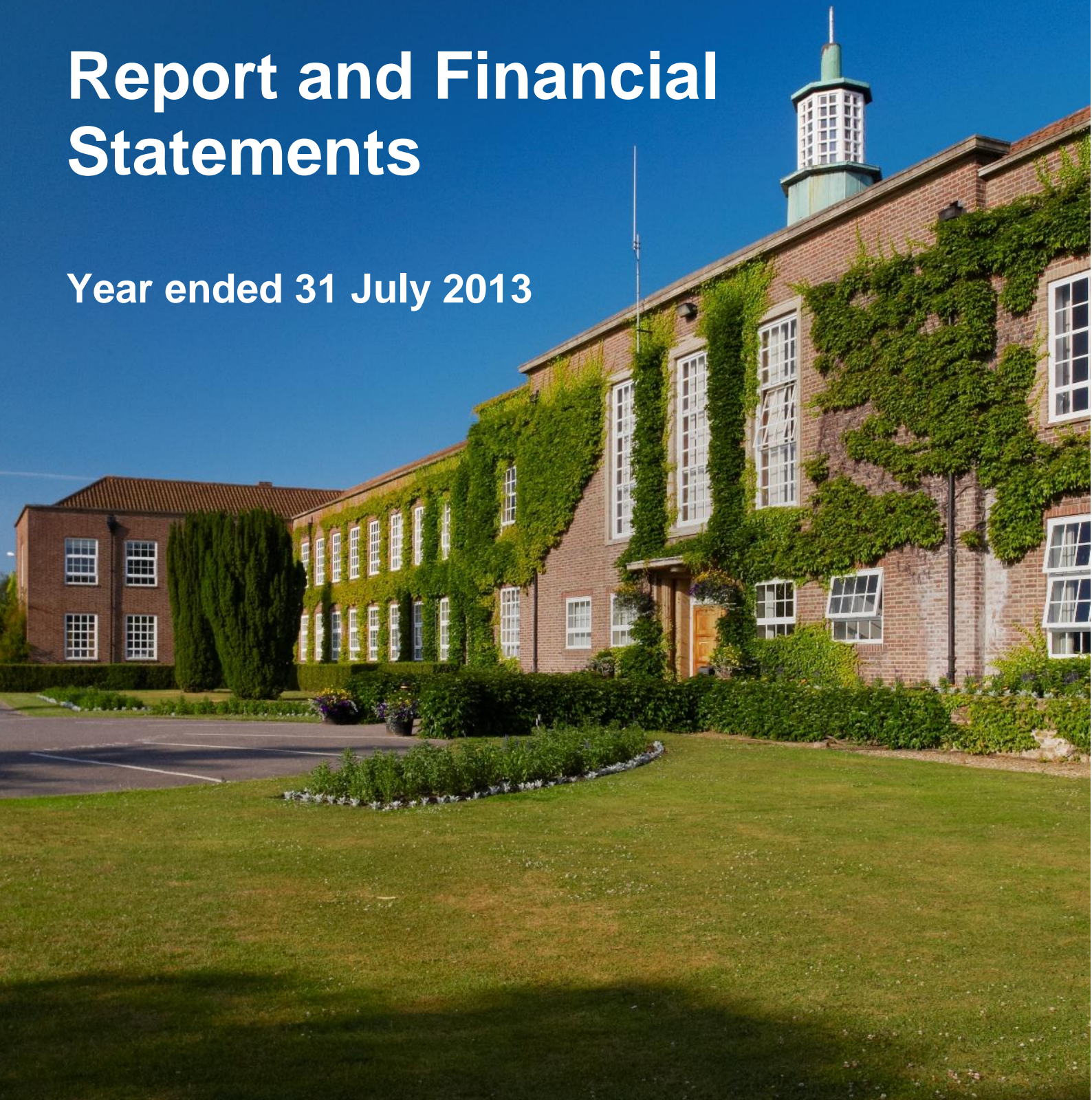


Report and Financial Statements

Year ended 31 July 2013





**“Transforming lives and the environment
through inspiring education”**



Contents

	Page
Operating and Financial Review	I
Statement of Corporate Governance and Internal Control	14
Statement of the Responsibilities of the Members of the Governing Body	18
Report of the Independent Auditor to the Governing Body of Writtle College	19
Financial Statements	
Income and Expenditure Account	21
Statement of Historical Cost Surpluses and Deficits	22
Statement of Total Recognised Gains and Losses	22
Balance Sheet	23
Cash Flow Statement	24
Notes to the Financial Statements	
1 Statement of Principal Accounting Policies	25
2 Funding Council Grants	28
3 Academic Fees and Support Grants	28
4 Research Grants and Contracts	28
5 Other Operating Income	28
6 Interest Receivable	28
7 Profit/Loss on Disposal of Fixed Assets	29
8 Staff Costs	29
9 Principals' Emoluments	30
10 Other Operating Expenses	30
11 Interest Payable	31
12 Taxation	31
13 Tangible Fixed Assets	32
14 Investments	32
15 Endowment Asset Investments	33
16 Stock	33
17 Debtors	33
18 Creditors: Amounts Falling Due Within One Year	33
19 Creditors: Amounts Falling Due After More Than One Year	33
20 Analysis of Borrowings of the College	34
21 Provisions for Liabilities	34
22 Deferred Capital Grants	35
23 Restricted Expendable Endowments	35

Contents cont...

	Page
Notes to the Financial Statements (continued)	
24 Revaluation Reserve	35
25 Income and Expenditure Account	36
26 Financial Commitments	36
27 Capital Commitments	36
28 Post Balance Sheet Events	36
29 Reconciliation of Operating (Deficit)/ Surplus to Net Cash Inflow from Operating Activities	37
30 Returns on Investments and Servicing of Finance	37
31 Capital Expenditure and Financial Investment	37
32 Financing	37
33 Analysis of Changes in Net Debt	38
34 Pension and Similar Obligations	38
35 Access Funds	42
36 Learner Support Funds	42
37 Related Party Transactions	42

Operating and Financial Review

Nature, Objectives and Strategies

The members present their report and the audited financial statements for the year ended 31 July 2013.

Legal Status

On the 1st October 1994, the College transferred from the Further Education sector to the Higher Education sector upon the authority of the Secretary of State for Education and by order of the Privy Council under Section 124A (3) and (4) of the Education Reform Act, 1988.

Mission

Transforming lives and the environment through inspiring education.

Financial Objectives

The College's financial objectives are:

- to achieve an annual operating surplus
- to pursue alternative sources of funding, on a selective basis, consistent with the College's core competencies, and the need for a financial contribution to the College's overall finances
- to generate sufficient levels of income to support the asset base of the College
- to further improve the College's shorter term liquidity
- to fund continued capital investment

A series of performance indicators have been agreed to monitor the successful implementation of the policies.

Financial Results

For the financial year ended 31 July 2013 the College is reporting a surplus at Historic Cost of £89k with a deficit on continuing operations (after exceptional items and depreciation of assets at valuation) of (£94k). These figures include cost adjustments in the year for the pension deficit, in accordance with FRS17 of £308k, and direct restructuring costs of £104k.

The College had accumulated reserves of £5,480k (excluding Pension Liability of £(7,904)k and Revaluation Reserve of £5,972k) with cash balances of £3,073k, and long term debt of £4,479k at the Balance Sheet date.

The pension liability shown at the 31 July 2013 does not yet reflect any decrease in respect of members of staff in the LGPS scheme based at Shuttleworth who transferred to Bedford College in August 2009. This has been estimated by the Essex Pension Scheme

actuaries as shown for information under Note 34. Actual adjustments will be made when the final figures are available.

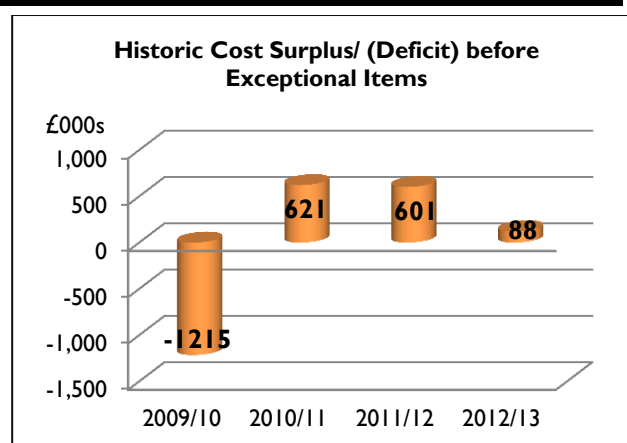
Tangible fixed asset additions during the year amounted to £680k. This was split between land and buildings acquired or in construction of £60k and equipment purchased of £620k. This was lower than originally budgeted for the year, however projects to the value of at least this shortfall were in progress at the Balance Sheet date and have subsequently been completed.

The College has one subsidiary company, Writtle College Services Ltd, (WCSL) which is currently dormant.

Summary Financial Results

Please find below a summary of the financial results for 2012/13 with prior year comparatives.

	2013 £k	2012 £k
Income	16,560	17,044
Expenditure	16,655	16,626
(Deficit)/ Surplus at Revaluation	(95)	418
Depreciation on revalued assets	183	183
Surplus/ (Deficit) at Historic Cost before exceptional items	88	601
Adjusted for non operating items		
FRS 17 Pension adjustment	308	227
Restructuring costs	104	22
Adjusted Surplus/ (Deficit) at Historic Cost before asset sales	500	850

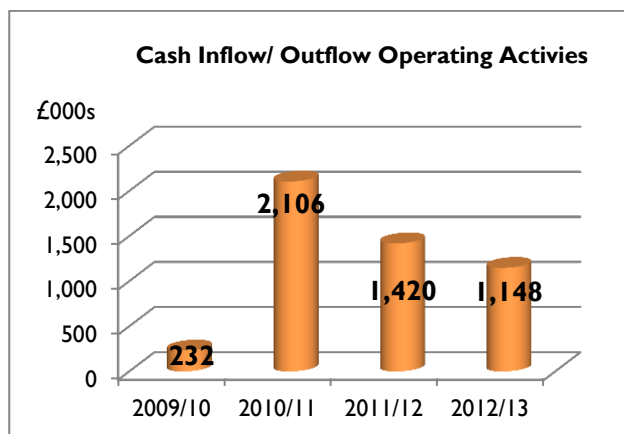


Historical Cost Surplus

The College achieved a historic cost surplus in 2012/13 albeit on a smaller scale than in recent years. This reflected the shortfall in the recruitment of Higher Education students following the introduction of the substantial increase in student fees.

Cash Flows

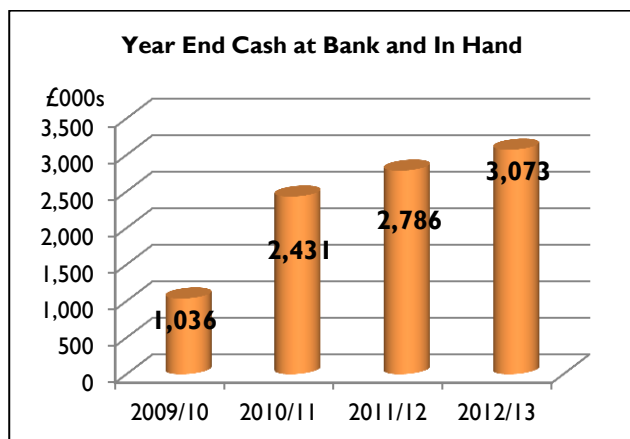
Despite a lower historic cost surplus than the previous year the College achieved a marginal improvement in its net cash inflow from operating activities of £1,148k for 2012/13. This compares to a net cash inflow from operating activities of £1,420k in the previous year, (see Note 30).



A planned asset disposal with anticipated cash proceeds of £500k did not take place before the Balance Sheet date. Disposal is now expected during the 2013/14 financial year.

Liquidity

The continued improving trend in cash flow from operating activities is reflected in the Colleges year end cash balances.



The College's cash position has continued to improve. This increase has not been at the expense of revenue or capital investment in equipment, buildings or infrastructure with a number of infrastructure improvements over the last 12 months, and software and hardware purchases completed in the year or in progress at the Balance Sheet date.

All creditor payments were met as they fell due.

Outlook

The financial year 2013/14 saw the HE sector come to terms with the financial impact of the move to substantially higher tuition fees in HE and the implications of the further development of the Student

Number Control (SNC). It is anticipated that the most significant impact will be in the first year of introduction as those that were able to enter HE in 2012/13 did so with many prospective 2013/14 students deciding to defer to 2014/15 before considering their options. Attendance at College HE open days has been high with many students focusing in on 2014/15 as their year of entry.

Over the next 3 years the College is currently forecasting the following Historical Cost surpluses: 2013/14 £200k, 2014/15 £375k and 2015/16 £685k. Over the same period year-end cash balances are expected remain broadly in line with those held at 31 July 2013 with an annual capital investment expenditure of £1.4m.

Public Benefit

Writtle College is a Higher Education Institution and, therefore, an exempt charity under the terms of the Charities Act 2011. In setting and reviewing the Colleges strategic objectives, the Governing Body has had due regard to the Charity Commission Guidance on public benefit and particularly the supplementary guidance on the advancement of education. Our charitable objects are the provision of Higher and Further education and the carrying out of research. The 2010 Institutional Audit by the Quality Assurance Agency highlighted the success of Writtle College in connecting our teaching and research activities, identifying as a specific area of good practice 'the way in which the curriculum is designed, developed and delivered to take advantage of staff research and professional practice.'

Our 2011 Institutional Review by our validating partner, the University of Essex, also commended 'The student focused nature of staff as evidenced by the student meeting and the National Student Survey (NSS) scores for 'the teaching on my course', 'assessment and feedback' and 'academic support'.

The Further Education delivered at the College was subject to an Ofsted inspection in December 2011. The report noted that "this is a satisfactory and improving College that has many good features".

Vision and Mission

Core aspects of how Writtle College provides public benefit are articulated in our strategic plan.

Our Strategic Vision Statement is that Writtle College will be **"a distinctive place to study and to serve the environment through science and the arts"**, and our Mission Statement is **"Transforming lives and the environment through inspiring education"**.

The College delivers its vision and mission through five objectives:

1. Students

To provide an excellent learning experience for all our students, through engagement with well-informed teaching, delivered by experts, in a supportive and stimulating environment.

2. Research

To ensure that our research makes a major contribution to the maintenance of an appropriate academic culture; enhances the ability of the College to engage with the industries it serves within the wider context of the natural environment and is inclusive of all members of our academic community who have the potential to make a relevant contribution. To be recognised for the excellence of our research in the land-based sector, as well as for a distinctive blend of science, arts, and business across our research portfolio.

3. Industry & Business

To strengthen and grow our links with industry and business. To be known for our high quality and flexible delivery of quality knowledge transfer, research and consultancy.

4. Public Profile

To enhance our networks and reputation globally, nationally, regionally and locally by proactively engaging with our audiences. To reflect our brand values, communicating the richness and diversity of the Writtle portfolio, and demonstrating the wealth of academic expertise, especially through dissemination of research and enterprise initiatives.

5. Financial & Human Resources

Through careful planning and investment ensure activities carried out are financially sustainable. Recruit, retain and support employees so that they are engaged, they excel and are able to perform at their very best.

Public Benefit and the Higher Education Schools

Students undertaking courses at Writtle College obtain a direct benefit from the education they receive and the enhanced careers which they subsequently pursue. A wider benefit is also afforded to society as they implement their specialist knowledge and graduate skills in the course of their careers. Core undergraduate modules such as 'Sector Studies' and 'Academic and Professional Development' are focused on developing University-level skills in the context of specific industry sectors. Many other modules address topics relevant to the development of an informed, active, and inquiring citizenry; including ethics, sustainability, and climate change. In addition to subject-specific expertise offered by Lecturers, the

College provides a supportive environment in which those with a variety of learning styles, and those with a range of disabilities, can benefit from an education at Writtle. In 2010 the QAA specifically praised the 'comprehensive student support system and the demonstrable commitment of staff to the support and enhancement of student learning'.

The School of Sport, Equine and Animal Science offers undergraduate, taught postgraduate and research degrees. Graduates go on to serve their professions in a range of roles that benefit society including *inter alia*; public health, food supply and production, animal welfare, and the recreation and leisure industries. Research in the school spans fields as diverse as conservation genetics, studies into dangerous dogs, ruminant nutrition, and fertility. The outcomes of this research are widely published and cited, making a significant contribution to the sum of scientific knowledge. In 2012 the College secured a substantial BBSRC research grant for a joint project with the University of Essex and the Royal Veterinary College focused on dairy cattle. Numerous professional and charitable bodies sponsor prizes and awards for our students, an independent recognition of the value of our provision to their respective sectors. These include: Novus International, The Alice Noakes Charitable Trust, Wynne-Williams Associates, Strutt & Parker, The Essex Wildlife Trust, and the Worshipful Company of Farmers.

The School of Sustainable Environments offers programmes in Agriculture, Horticulture, Conservation, Business and Floristry. Across the school portfolio, and indeed across the provision of the College, issues of sustainability are key. Staff and students work on the problems of reconciling the need for greater arable and livestock production to meet a growing world population with the imperative to manage land sustainably for the benefit of future generations. Research within the School spans thermodynamic analyses of ecosystems – focusing on resilience to climate change – through to close collaboration with supermarkets and packaging companies in post-harvest technology; applying research to minimize food waste, transport costs, and carbon emissions. Most of our courses are available flexibly – full and part time – in order to suit a wide range of potential applicants with different personal/family circumstances. The block-delivery pattern of our innovative MSc in Arable production, for example – scheduled to avoid the peak times of the farming year – has been notably successful in attracting working farmers to return to the University sector and up-skill.

Writtle School of Design comprises an interrelated programme of teaching and research in the fields of Landscape Architecture, Landscape and Garden Design, Interior Design and Architecture, and Art & Design. The School draws inspiration from society and the environment and, through its work and the contributions of its graduates, makes a vital repayment

in return. Staff and students have participated in regional and national design projects, won prizes for their work, and enjoyed notable success in securing prestigious internships and employment. Its outreach arm CADE - the Centre for the Arts and Design in the Environment – delivers a range of community and regionally-based activities as well as enriching the undergraduate and postgraduate curriculum. These include: bespoke training and awareness sessions for Essex secondary school teachers, with presentations from our recent graduates; summer schools; and school visits.

Writtle College also hosts the annual Essex Schools Food and Farming Day. In 2013 more than 3,000 primary school children visited the campus for this event. College staff, local farmers, and other exhibitors offer these students insights into agriculture, food production and conservation, making use of the College estate and specialist resources to illuminate vital issues for a wider constituency of learners.

Public Benefit and Further Education Division

The Further Education (FE) Division offers a range of programmes in land-based and associated subjects from level 1 to level 3 including apprenticeships, 14-16 schools work and full cost short courses which are often bespoke for employers. Provision is concentrated towards high quality level 3 offering progression opportunities into Higher Education.

The FE Division is organised into three Faculties;

- Faculty of Animal Management (which offers programmes in animal management, dog grooming and horse management)
- Faculty of Land and Environment (which offers programmes in agriculture, countryside and horticulture)
- Faculty of Art & Design, Floristry and Sport.

Progression to an appropriate outcome (employment or progression into Further or Higher education) is good within the Division and much emphasis is placed on providing employability skills and supporting progression within education. For example the majority of full time learners undertake a work placement which forms part of their qualification and a number of 'real work environments' are effectively utilised to develop skills (Floristry Training Shop, Dog Grooming Parlour, Animal Unit, Equine Yard and Stud duties, Estate duties).

Alongside their main qualification, full time students work towards achieving Functional Skills in Maths and English, along with a range of additional learning goals aimed at providing life skills and improving progression and employment potential. Examples of additional learning goals undertaken include Certificates of Competence (tractor driving, pesticide application,

forklift truck), fitness instructing, photography, sexual health, enterprise skills and coaching.

A significant emphasis this year has been placed on engagement with the Job Centre Plus (JCP) service within the County. This has resulted in the on-going development of a "Sector-based work Academy" within Horticulture, which gives unemployed people the opportunity to gain a qualification, undertake work experience and have a Job interview.

A key aim of the Division is to meet the 'Every Learner Matters' outcomes of enjoying and achieving, being healthy, staying safe, achieving economic wellbeing and making a positive contribution. A range of enrichment activities provide opportunities for achievement of these outcomes, for example:

- Learners across the Division participating in the Essex 'Road Runners' event held at the College which focuses on promoting safe driving, drug awareness and the dangers of drink driving
- Encouragement of physical activity such as participation in nature walks and the undertaking of yard and estate duties plus individual and team sports as part of the curriculum
- Promotion of healthy eating through horticulture students growing their own vegetables
- Study tours which provide opportunities to undertake new experiences alongside meeting curriculum objectives
- Participation in an LSIS funded project related to Agriculture with five neighbouring land-based Colleges leading to enhancement of recruitment and career options within Horticulture.
- Promotion of volunteering; for example animal studies learners encouraged to help in primary schools, visiting the elderly and supporting the 'Vets and Wildlife' volunteer scheme; Sports students work with local schools to provide coaching assistance
- Working with local organisations and facilities for example countryside learners undertake work at a local power station, woods and Danbury Country Park as part of their curriculum. Examples of work done includes renovating and installing bridges and maintenance of paths and hedges. Floristry students provide floral displays for Harvest Festival at the local parish church and the podium bouquets for the London 2012 Olympic Games. Animal Studies learners assisted in the training of police sniffer dogs and raise money for Canine Partners charity. Equine learners raise money for Cancer Research.
- Learners are able to display their work with some participating in local and national

competitions. For example Art and Design students hold a Writtle College Art Exhibition which is open to friends, families and the public. Floristry learners participated in producing a display for the Hampton Court Palace Flower Show where they won Silver, and Horticulture learners achieved Silver at the Ideal Young Gardener.

The Division has worked hard to develop a number of collaborations and partnerships with stakeholders which enhance quality, efficiency, develop communication and planning. Examples of these collaborations and partnerships include;

- Schools – opportunities for 14-16 learners to undertake vocational programmes, taster days, special schools work, enhanced curriculum sessions
- Colleges – collaborative funded projects, peer review, lesson observation moderation, sharing good practice, shared CPD
- Sub-contracted provision – APEX at Harlow College for apprenticeship delivery
- Collaborations – FEDEC (Federation of Essex Colleges), Landex (Excellence in Land-based Colleges), Food and Farming with Essex Agricultural Society and Essex County Council and Pets Corner in Harlow
- Employers – provide guest speakers, host visits and work placements. The College provides training in the form of apprenticeships, short and bespoke courses.
- Local businesses – Delivery of provision e.g. Marsh Farm for delivery of 14-16 vocational provision.

Trustees

No members of the Board receive any payment for the work they do as Governors or Trustees, but expenses for travelling and subsistence are reimbursed. For the academic year 2012/13, a total amount of £308 (2012 £1,304) was paid in respect of claims made by 2 Governors. Members of staff serving on the Board receive no supplementary payment for trusteeship.

Strategic Vision 2009 - 2013

Writtle College will be:

A distinctive place to study and to serve the environment through science and the arts.

Details of the Vision:

1. Building upon our strengths as a specialist and distinctive provider in the area of environmental education. There will be a renewed portfolio of Further Education and Higher Education courses that meets our mission. We will engage in outreach activity to meet the Government's skills and employer engagement agendas.

2. Ensuring there is a sound financial base to allow the freedom to invest and to innovate.
3. Developing our links with the University of Essex, our partner institution.
4. Focussing on the progression of students from Further Education (FE) to Higher Education (HE) and from undergraduate to postgraduate study.
5. Fulfilling our economic, environmental, social and cultural responsibilities both in the College and in the community.
6. Securing our position as a sustainable HE institution.

The College appointed a new Principal from April 2013 who is undertaking a review of the current Strategic Plan of the College.

Higher Education

Student Numbers

In 2012/13 the College had 1,111 Higher Education enrolments, totalling 967 Full Time Equivalents (FTE). Of these, 94 (+ 6 FE) FTE were International students (i.e. not from the UK or EU). 80 FTE studied taught postgraduate programmes (PGT). 22 FTE were enrolled on postgraduate research programmes (PGR). The majority enrolled on undergraduate programmes, principally BSc and BA awards, but also Foundation degrees, Higher diplomas and certificates.

Direct HEFCE funding associated with teaching for 2012/13 totalled £2,900k. Total fee income was £4,572k - of which £809k was international fees.

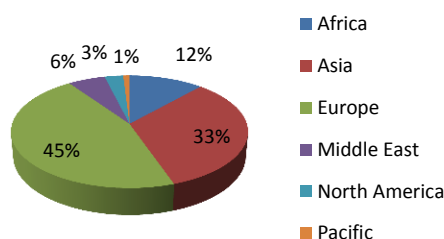
The College also received £241k from University of Essex for its PGT and PGR students which are 'returned' to HEFCE as part of the University's funding claim.

Student Achievement

Writtle College students continue to perform well. For the academic year 2012/13 students achieved the following awards:

- 74 Taught postgraduate awards
- 239 Bachelors degrees
- 33 Foundation degrees
- 12 Diplomas of Higher Education
- 46 Certificates of Higher Education

Non EU Students 2012/13



Curriculum Developments

As in previous years, the College worked closely with the University of Essex, our validating partner, to achieve our annual cycle of periodic reviews of existing programmes, validations of new offerings, and the events and procedures that comprise our Quality Assurance and Enhancement regime. External examiners' reports attest to the currency and rigour of our courses, the maintenance of academic standards, the soundness of learning opportunities, and the suitability of our specialist resources. Our five-yearly review with the College's validating partner the University of Essex was very positive, with many aspects of good practice noted. The new MSc Arable was introduced.

Further Education

Learner Numbers

During the 2012/13 academic year the FE Division delivered a range of programmes funded by the Educational Funding Agency (EFA) and the Skills Funding Agency (SFA). These included Learner Responsive, Adult Responsive and Work-based Learning (including APEX Consortium and Writtle Apprentices) funding routes totalling a core allocation of £4,553k (2011/12 = £4,667k). This represented 1,198 funded and 2,012 commercially funded learners.

Approximately £45k of schools 14-16 provision was delivered at out centres including Maldon Promenade, Saffron Walden County High School and Marsh Farm.

Quality Improvement

In December 2011 the Division successfully participated in a full Ofsted inspection. The result of this inspection concluded that whilst the College was still at a satisfactory level overall, it was improving and had many good features. During this Inspection within the Common Inspection Framework (2009 CIF) the College was awarded grade 2 "good" for many aspects of its work including Care, Guidance and Support, Meeting the needs and Interests of Learners, Partnerships, Safeguarding, Leadership and Management, Capacity to Improve, Governance, Value for Money and Floristry / Horticulture curriculum areas.

The improving trajectory of the Division has been further reinforced during 2012/13 by increased success rate data. Whilst it is still early to accurately predict the success rate data for 2012/13 there is every indication that they will once again improve for "Writtle only" students to an estimated 90% success (from 83% in 2010/11 to 88% in 2011/12).

Curriculum Developments

The FE Division primarily serves the needs of the Land-based sector within Essex and the wider community with a range of programmes from Level 1 to Level 3. The FE provision is designed to not only give learners the skills they need within their chosen industry, but to allow them to progress onto appropriate Higher Education programmes. To this end, by far the highest volume of learners at Writtle are studying programmes at Level 3. During 2012/13 the annual Course Portfolio Review was undertaken which refreshed the course offering in line with local need, and refocused it to student profiles within subject areas. This review saw the further embedding of a variety of Level 1 and Level 2 courses which will allow lower level learners to smoothly progress to higher level courses, and the refreshment of core Land-based subject areas including Horticulture, Countryside Management and Agriculture.

The range of already high quality specialist resources has been added to during the year, with further developments taking place for implementation in 2013/14. For example this year saw the first phase of refurbishment at Cow Watering Campus for Equine. This refurbishment included the development of 4 new classrooms, a covered practical teaching space and a revised one way system to separate vehicles from animals. Finally, release of capital resulted in the further development of animal facilities at the Titchmarsh Centre and classroom facilities at King Johns Campus.

In 2012/13 the Division participated in a collaborative Learning Skills Improvement Service (LSIS) project focussed around attracting students to Agriculture. This was an extremely successful project and saw the start of some harmonisation of curriculum design and offer in Agriculture across the 6 Landbased Colleges within the Easton Region.

Other notable achievements for FE within 2012/13 were:

- Hampton Court flower Show – stand designed and constructed by FE Floristry Learners awarded silver
- FE Floristry students constructed 1,200 victory bouquets which were awarded to medallists in the London 2012 Olympics and Paralympics
- FE Horticulture students achieved silver at the Ideal Home Exhibition
- The Job Centre Plus (JCP) Sector Based Work Academy in Horticulture (set up to train long term unemployed and aid their return to work) was expanded across Essex

Charity events held by Equine and Animal Studies learners raised several hundred pounds; cheques were given to the selected charities on the FE Presentation Day at the end of the academic year.

Financial Position

Treasury Policies and Objectives

Treasury management is the management of the College's cash flows, its banking, money market and capital market transactions; the effective control of the risks associated with those activities; and the pursuit of optimum performance consistent with those risks.

The College has a separate treasury management policy in place.

Post Balance Sheet Events

There are no known Post balance sheet events to report.

Going Concern

The year ended 31 July 2013 saw the College report a Historic Cost surplus of £88k. This was lower than for the previous year but included restructuring costs of £104k and FRS17 Pension cost adjustment of £308k (an increase of £82k and £81k respectively on the year before). The disposal of two College properties that was planned to take place during 2012/13, with cash proceeds of £500k, was not completed before the 31 July 2013 Balance Sheet date. The sales will now be completed during 2013/14.

The introduction of a substantial increase in HE tuition fees had a material impact on HE UG recruitment for the 2012/13 student intake with a consequential shortfall in tuition fee income against that assumed in the budget. The financial impact of this was largely mitigated by careful cost control measures. The HE UG recruitment intake for 2013/14 starts is showing an increase of around 17% on the previous year which is in line with that assumed in the budget. A further modest recovery has also been assumed in the assumptions that underpin the financial forecast submitted to HEFCE.

Very pleasing was the substantial increase in student satisfaction reported in the recent MORI run National Student Survey 84% for HE and 94% for FE. Overall satisfaction increased by 8% and 3% respectively. This clearly demonstrates that although the College is working in a financially difficult environment good cost management can be operated without adversely impacting the student experience.

The Historic Cost surpluses shown in the financial forecasts for the years 2013/14 to 2014/15 are £200k, £375k and £685k respectively. The net cash from operating activities over the same period are £1,347k, £1,559k and £2,136k respectively with yearend cash balances being held at a level that represents an average of around 75 cash days.

The College plans to invest around £1.4M per annum over the next 3 years in improvements in facilities and infrastructure funded from operating cash flows and selected disposals of non-core assets.

The closing cash balance at 31 July 2013 was £3,073k which was £219k higher than forecast and represented a net cash inflow of £287k.

Further Education recruitment for 2013/14 continues to be very strong building on previous years and the College does not see any difficulties in achieving its full funding allocation for the year with the prospect of any over recruitment being reflected in an increase in funding for subsequent years.

As noted above cash balances remain good and the College does not anticipate any issues in continuing to comfortably meet its financial commitments as they fall due.

Resources

The College has various resources that it can deploy in pursuit of its strategic objectives.

Tangible resources include the main college campus which covers some 550 acres, encompassing 31,000m² of floor space to deliver and support its academic provision. In addition the College has 400 bed student residences on campus as well as a number of residential properties.

Financial

The College has a Balance Sheet value of £15.0 million of net assets (excluding £7.9 million pension liability) and long term debt of £4.4 million.

People

The College employs 285 people (expressed as full time equivalents), of who 176 are Academic or Academic Support staff.

Principal Risks and Uncertainties

The Higher Education landscape continues to change rapidly. The College will need to find ways to respond to these changes.

The modest recovery in HE/UG recruitment seen for 2013/14 new starts is encouraging. The College must continue to work hard to ensure that the current momentum and direction of travel is maintained to at least achieve the forward recruitment assumptions that underpin the financial forecasts.

It is important that over the next 3 years the College generates the level of operating cash flows assumed in the financial forecasts to ensure it continues to deliver the estate and infrastructure improvements planned to provide the educational environment that will continue to attract students who wish to study Further and Higher educational courses at Writtle College.

Continued effective cost management that ensures VFM and supports the student experience and the

consolidation of teaching quality in both FE and HE will be a key aspects of delivering the forecast financial results whilst maintaining and building upon the very pleasing increase in overall student satisfaction that Writtle College achieved in the recently published MORI run Student Satisfaction Survey.

The College has made an application to be considered to be awarded Taught Degree Awarding Powers (TDAP). Our application has been accepted to the second stage and the inspection process will begin in Autumn 2013. The process is likely to take between 12-18 months. If successful it will put Writtle College on course to University College status.

Effective marketing of the College and its courses is key to achieving SNC targets for 2013/14 and beyond. Once recruited, students need to be retained and the incremental increase in the tariff entry points over recent years required by the College has provided material improvements in retention rates.

Pressure is growing from HE sector staff representatives for cost of living increases above what may well be considered affordable in the current financial climate in the HE sector. Writtle College is a member of UCEA, who represent HEI in collective pay bargaining, and as such will abide by any agreement reached. The final offer made by UCEA was for a 1% increase with effect from 01 August 2013 which is in line with the College's budgetary assumptions. Should agreement not be reached then the College may need to consider the implications if there is a call for a strike or action short of a strike and plan accordingly.

Monitoring KPIs

Following completion of the Strategic Options Review (SOR) a set of KPIs was agreed with HEFCE against which the College will report periodically. These KPIs supplemented by further internally agreed matrices will allow the College to monitor the implementation of the SOR and progress against the financial forecasts. Early indication of adverse variances will allow the College to take prompt remedial action as necessary.

Estate Strategy

The College provided a revised Estate Strategy to HEFCE at the end of September 2011. The College believes the strategy clearly demonstrates its estate developments over the next 10 years and how it intends to fund those developments. During 2013/14 the College will review progress to date and ensure that the aims and objectives detailed in the strategy still reflect institutional need.

Stakeholder Relationships

In line with other Universities and Colleges, Writtle College has many stakeholders. These include:

- Students
- Funding Councils
- Staff
- Local employers (with specific links)
- Local Authorities
- Government Offices/ Regional Development Agencies
- The local community
- Other HE and FE institutions
- Trade unions
- Professional bodies

The College recognises the importance of these relationships and engages in regular communication with them through the College Internet site and by meetings.

Equality and Diversity

Diversity at Writtle College means recognising that everyone is different, respecting and encouraging these differences and valuing the benefits diversity brings. Equality at Writtle College means that everyone is treated fairly. The College believes Equality and Diversity is central to achieving the goals set out in the College's Strategic Plan, whilst enhancing our cultural profile and labour demographic.

As required by the Equality Act 2010 we take seriously our general duty to:

- eliminate unlawful discrimination, harassment and victimisation
- advance equality of opportunity between people who do and do not share a protected characteristic
- foster good relations between people who share a protected characteristic and those who do not share a protected characteristic

Protected characteristics are:

- race
- disability
- gender and gender reassignment
- age
- sexual orientation
- pregnancy and maternity
- marriage and civil partnership
- religion or belief.

We gather and look at evidence to increase our understanding of the impact of policies and procedures.

Every year we publish information on our dedicated webpage: [Equality and Diversity - Writtle College](#) that demonstrates how we have met our general duty. We also consult with staff, students and other people affected by our policies and practice and analyse the effect of our existing policies and practices on equality prior to making policy decisions. This is so that policy can be changed to reflect the findings of the analysis.

Under our specific duties we also publish one or more objectives that will contribute to meeting the general duty.

The College's Equality & Diversity Group monitors and helps to drive equality & diversity action and improvement across the College. The Group's [terms of reference](#) can be found on the webpage. It also assists with ensuring the College meets its obligations under the Equality Act.

The College's Equal Opportunities Policy

The College considers all applications from disabled persons, bearing in mind the aptitudes of the individuals concerned. Where an existing employee becomes disabled, every effort is made to ensure that employment with the College continues. The College's policy is to provide training, career development and opportunities for promotion, which are, as far as possible, identical to those for other employees.

Disability Statement

The College seeks to achieve the aims enshrined in the Disability Discrimination Act 1995 as amended by the Special Education Needs and Disability Acts 2001 and 2005.

Published on the College website www.writtle.ac.uk is the College's Single Equality Scheme where the Disability Equality Scheme and associated action plan can be found (Appendix C to the Single Equality Scheme).

The College works hard to ensure that disabled people are involved in all aspects of the College's work and life.

The Equality and Diversity Group includes several disabled members and the Student Union representative is in close contact with disabled students.

The Marketing Department proactively engages with willing participants to promote their student experience, as appropriate, in order to encourage students with similar disabilities to join the student community.

Counselling and welfare services are described in the College Student Handbook, which is issued to new (and prospective) students together with the Complaints and Disciplinary Procedure leaflets during their induction.

The College's Learner Services department seeks to promote the general well-being of students, parents and staff by providing practical help and guidance and by ensuring they have access to a full range of support services which include:

- Identifying, co-ordinating and providing study support for students with learning difficulties such as dyslexia
- Co-ordinating and providing support for students with disabilities
- Providing staff and students with the necessary information and skills to ensure they foster full engagement with the curriculum
- Providing a confidential counselling service

We also endeavour to provide specialist equipment, such as radio aids/loops, which the College can make available for use by students, staff or visitors. Some assistive technology is made available to those with learning difficulties/disabilities.

The admissions policy is non-discriminatory. Any appeals against a decision not to offer a place are dealt with through a complaints procedure.

Catering and Residences

The financial objective of the student catering and residence operations at Writtle is to make an operating surplus, after allowing for loan interest in respect of the building costs associated with the new Halls of Residence. The net surplus for the year (allowing for interest payments but excluding depreciation) was £350k. This compares with £491k for the previous year.

Staffing Costs

The overall employee expenditure expressed as a percentage of the total College expenditure was 61.4% in 2012/13. In the previous year the percentage was 61.0%.

Payment of Creditors

It is the policy of the College to obtain the best terms for all purchases and thus, there is no single policy as to the terms used.

Health and Safety

The College's working procedures and practices have been progressively developed since the Health and Safety at Work Act 1974 and the provisions in the legislation now permeate all aspects of the College's activities.

The College has a full-time Health & Safety Officer to oversee and advise on all matters relating to Health and Safety across all of the College's various activities.

Staff and Student Involvement

The College considers good communication with its staff and students to be paramount and to this end constantly reviews its communications processes.

The College encourages staff and student involvement in academic and College management through membership of a range of committees.

The Principal has held a number of staff meetings through the year to inform staff of the developments within the institution. A weekly News and Events sheet is also published both electronically and in hard copy.

The College has issued a College Charter for students which covers all services provided under the College's control. The Charter is designed to make it clear what we aim to provide, and what we expect in return, so that together we may achieve our aim of providing quality courses and services.

In order to develop staff across the entire College we have a staff review process. This process has been recently revised to improve staff performance and to provide staff development.

Calendar of Achievements 2012/13

August 2012

The Further Education floristry students started the process of creating the London 2012 Olympic and Paralympic medal winners Victory Bouquets under the direction of Writtle Graduate Hannah Emery, who is a florist at the world renowned Jane Packer floristry shop in London. Hannah oversaw the creation of 1,156 Victory Bouquets at the College. National press, regional TV and global online coverage resulted.

Ben Maher who secured an Olympic Gold Medal for Team GB was awarded an Honorary Doctorate in the indoor riding arena at the College in April 2012, he pursued a tough training schedule in the run up to the 2012 Games and put up a strong performance on his horse Triple X III securing a Gold Medal in show jumping.

September 2012

The College hosted a mare grading event; eleven broodmares were inspected by judges from the Sport Horse Breeding of Great Britain. Five mares from the College's Lordships Stud were presented and inspected, including two college-bred mares who gained Head Studbook scores.



Simon Best, a sport student, returned to College for his final year as a martial arts champion. Simon won double gold and a silver in an international martial arts event. Simon, who was part of the Team GB squad from BFKKO (British Freestyle Karate and

Kickboxing Organisation), also won gold in the -81kg GI grappling and silver in the -81kg no-GI grappling in the three-day event.

October 2012

Two of Writtle College's staff went on the first ever equine emergency training for vets course delivered by Essex County Fire and Rescue Service. Twelve vets from across the country used a HIAB specialised crane, strops and floating mats to rescue a life-sized horse model. The Course approved by the British Equine Veterinary Association covered how to effectively work with animal rescue teams from the fire and rescue service at equine rescue incidents and how to provide emergency care to rescued horses.

November 2012

Two Writtle College students have been given prestigious prizes from the Worshipful Company of Gardeners. Mr Rex Thornborough RD, Master of the Worshipful Company of Gardeners, presented David Acock and William Stanger with their prizes along with students from only three other institutions.

Graduate Rosie Foster gained second place in a prestigious UK and Ireland competition to find the Equine Thesis of the Year. Rosie's dissertation compared the effects of negative and positive reinforcement training in reducing horses' fearfulness towards a novel stimulus, an umbrella.



Rosie, who was shortlisted with four other finalists, presented her thesis to a panel of judges and an audience of industry-based professionals at Stoneleigh Park, before being awarded second place.

December 2012

A gardening writer and the owner of the Dillon Garden in Ireland- Helen Dillon delivered a talk at Writtle College as part of the James Hearsum Lecture Series. Helen's talk "Dig it Up and Throw it Away" was based on a Dublin garden that has been made over the last 41 years, where many dramatic changes have taken place.

January 2013

Two out of the five winners of a prestigious national agricultural award were Writtle College students.

Stephanie Collingbourne and Francine Gilman were given the NFU Mutual Centenary Award 2012 - a bursary from The NFU Mutual Charitable Trust.

The award scheme, launched by large rural insurer NFU Mutual to celebrate its 100th birthday in 2010, and is given to potential rural leaders of the future.



February 2013

A new sports laboratory for practicals, research and the testing of elite and recreational athletes opened at Writtle College in February. With extensive views over Writtle, the Centre for Exercise and Health can now match a wide range of laboratory testing with one of the best locations on the campus.

March 2013

Head of FE at Writtle College, Andy Sparks met double Olympic Champion Dame Kelly Holmes at a special event celebrating the role colleges have in inspiring young people. Dame Kelly spoke of her Army career and her 12 years of international athletics, as well as the charity which she founded, the DKH Legacy Trust, and her work with young people in colleges through Kelly Holmes Education.

April 2013

TV gardener Alan Titchmarsh - who is also Writtle College patron - presented the team of six FE students, who are studying for Level 3 Extended Diplomas in Horticulture, with the award at the Ideal Home Show 2013.



The competition, organised by TV gardener David Domoney, formed part of the 105th Ideal Home Show, which was at London's Earls Court until 1 April. Run in association with the Prince's Foundation for Building Community, it celebrated young 'green' talent in the UK.

New College Principal

The Governors appointed a new College Principal Dr Stephen Waite in April, following Dave Butcher's retirement. Dr Waite, who has a passion for science - especially biology, particularly plant ecology and plant sciences - has a distinguished academic career in areas that align with and complement the Writtle portfolio, gained through his time at the University of Brighton, Birkbeck College University of London, the University of Westminster and the University of Sussex.



He also brings extensive research and commercial expertise to his post including experience gained as a botanical and environmental consultant.

May 2013

Art and design student Samantha Humphreys has won a Chelmsford photography competition with her depiction of the hustle and bustle of the High Chelmer Shopping Centre.

Sam, a final year FdA Digital Art & Design student, took lots of photographs of the shopping centre at the same time and put them together. Her photograph was named as the best entry in the My Chelmsford photography competition.



June 2013

More than 3,000 primary schoolchildren from across Essex visited Writtle College to find out more about where their food comes from.



Writtle College - in conjunction with Essex Agricultural Society and Essex County Council - hosted the innovative event to help children learn more about food, farming and the countryside.

The Essex Food and Farming Day not only gives young people a first-hand opportunity to see how agriculture shapes the countryside, but also about where their food comes from and about the importance of the rural countryside for the Essex economy and healthy lifestyles.

July 2013

Writtle College's Floristry team won a silver medal at the RHS Hampton Court Palace Flower Show 2013.

The team's stunning exhibit, entitled Rock Around the Clock, featured a girl in a 1950s circle skirt covered in around 1,000 fresh cerise pink carnations, a teddy boy with a suit and shirt made from preserved leaves and a flower-covered juke box all set against the backdrop of a huge clock.



Professional Advisors

External Auditors	KPMG LLP, 6 Lower Brook Street, Ipswich, Suffolk, IP4 1AP.
Bankers	Barclays Bank plc, 40-41 High Street, Chelmsford, Essex, CMI 1BE.
Internal Auditors	Scrutton Bland, 17 – 19 Museum Street, Ipswich, Suffolk, IPI 1HE.
Solicitors	Birkett Long, Essex House, 42 Crouch Street, Colchester, Essex, CO3 3HH.
College Address	Lordship Road, Writtle, Chelmsford, Essex, CMI 3RR.

Copies of the Financial Statements can be obtained from the College's address above.

Conclusion

The College has again been well served during the year by its Governors and staff and well supported by its students. Relationships with our external stakeholders continue to strengthen.

Statement as to Disclosure of Information to Auditors

The members of the Board of Governors who were in office on the date of approval of these financial statements have confirmed, as far as they are aware, that there is no relevant audit information of which the auditors are unaware. Each of the members of the Board of Governors have confirmed that they have taken all the steps that they ought to have taken in order to make themselves aware of any relevant information and to establish that it has been communicated to the auditor.



Ms L-L Olsen
Chair of the Board of Governors

Date 20 November 2013

Statement of Corporate Governance and Internal Control

The College is committed to exhibiting best practice in all aspects of corporate governance. This summary describes the manner in which the College has applied the principles set out in the UK Corporate Governance Code issued in June 2010. Its purpose is to help the reader of the financial statements understand how the principles have been applied.

Throughout the year ended 31 July 2013, the College has had due regard to the provisions set out in the UK Corporate Governance Code insofar as they relate to the HE Sector. The College also complies with the Guide for Members of Governing Bodies of Universities and Colleges in England and Wales that was issued by the Committee of University Chairmen in 2004, updated in 2009.

Members of the Board of Governors

The members who served on the Governing Body during the year and up to the date of signing these accounts (who are also trustees of the exempt charity) are listed below;

	Date of appointment	Term of office	Date of resignation	Status of appointment	Committees served
Mr S Brice	19 October 2012	4 years		Independent member	Finance & General Purposes
Prof D Butcher	01 Oct 2006	N/A	31 March 2013	Principal	Finance & General Purposes, Personnel and Remuneration, Search and Governance.
Mr D Church	13 July 2012	4 years		Independent member	
Mr T Cole	21 Jan 2010	3 years	21 January 2013	Teaching staff member	Further Education Committee
Mr P Downer	23 March 2012	4 years		Co-opted member	Further Education Committee
Mrs H Fitch	19 October 2012	3 years		Support staff member	
Mr R Gochin	23 March 2012	4 years		Non Board member	Further Education Committee
Ms J Izeke	16 July 2010	4 years	22 March 2013	Independent member	Personnel and Remuneration
Mr S James	26 June 2009	4 years	26 June 2013	Independent member	Audit Committee
Ms P Judd	21 Oct 2011	4 years		Independent member	Chair of Audit Committee, Search & Governance
Ms J Logie	25 Mar 2011	4 years		Independent member	Chair of Further Education Committee
Mr J McLarty	15 July 2011	4 years		Independent member	Finance & General Purposes
Mrs J Mildinhal	29 August 2009	3 years	28 Aug 2012	Support staff member	
Mr B Morris	19 July 2013	University of Essex		Co-opted member University of Essex	
Mr K Moule	22 March 2013	3 years		Teaching staff member	Further Education Committee
Mr C Newenham	22 March 2013	4 years		Independent member	College Farm Group, Finance & General Purposes.
Ms L-L Olsen	22 March 2013	2 years		Independent member	Chair of Governors, Finance & General Purposes, Personnel and Remuneration, Chair of Search and Governance.
Mrs R Padfield	13 Oct 2008	4 years	13 October 2012	Independent member	Personnel and Remuneration, College Farm Group
Mr A Peck	21 Nov 2008	4 years	10 Nov 2011	Independent member	Search and Governance and Finance & General Purposes
Ms A Perera	22 March 2013	3 years		Teaching staff member	
Mr A Radford	21 October 2011	4 years		Non Board Member	Audit Committee
Mrs J Smith	16 July 2010	4 years		Independent member	Further Education Committee, Search and Governance
Prof N South	05 Oct 2007	University of Essex Rolling Appointment	July 2013	Co-opted member	
Mr F Stringer	1 July 2012	1 year	1 July 2013	Student member	
Mr P Van Damme	16 July 2010	4 years		Independent member	Chair of Personnel and Remuneration
Mrs P Wallace	12 Dec 2009	3 years	12 December 2012	Teaching staff member	
Mr R Woolley	19 Jan 2009	4 years	19 January 2013	Co-opted member	Vice Chair of Governors, Chair Finance & General Purposes, Search and Governance
Dr S Waite	2 April 2013	N/A		Principal	Finance & General Purposes, Personnel and Remuneration, Search and Governance.
Dr J Wright	22 March 2013	4 years		Independent member	

Summary of the College's Structure of Corporate Governance

On 1 October 1994, the College transferred from the Further Education sector to the Higher Education sector upon the authority of the Secretary of State for Education and by order of the Privy Council under Section 12A (3) and (4) of the Education Act, 1988. The Board of Governors was reconstituted from the date of transfer and comprises lay and academic persons appointed under the Instrument of Government of the College, the majority of whom are non-executive. The roles of Chairman and Vice-Chairman of the Governing Body are separated from the role of the College's Chief Executive, the Principal. The responsibilities of the Governing Body are set out in the Articles of Government of the College and operational controls are laid down in the Financial Memorandum issued by the Higher Education Funding Council for England. The Governing Body is responsible for:

- the determination of the educational character and mission of the College and for oversight of its activities;
- the effective and efficient use of resources, the solvency of the College and for safeguarding their assets;
- approving annual estimates of income and expenditure;
- the appointment, grading, suspension, dismissal and determination of the pay and conditions of service of the holders of senior posts; and
- setting a framework for the pay and conditions of service of all other staff.

The Governing Body meets at least four times a year and has the following sub-committees: Finance and General Purposes Committee; Audit Committee; Personnel and Remuneration Committee; Further Education Committee; Search and Governance Committee; College Farm Group, this was dissolved in May 2003.

All these Committees are formally constituted with terms of reference and comprise mainly of independent members of the Governing Body, one of whom is in the Chair. The Audit Committee is strengthened by a qualified accountant.

The Finance and General Purposes Committee inter-alia recommends to the Governing Body the College's annual revenue and capital budgets and monitors performance in relation to the approved budgets. The Committee met five times this year.

The Personnel and Remuneration Committee advises the Governing Body on personnel issues and determines the annual remuneration of senior staff including the Principal. This Committee met four times this year.

The Audit Committee reviews the findings of the External Auditors and meets with them at least twice a year. The auditors meet the Committee at least once every year without management present. The Committee meets at least three times each year with the Internal Auditors, to consider detailed internal audit reports and recommendations for the improvement of the College's systems of internal control, together with the College management's response and implementation plans. The Audit Committee receives and considers reports from the Higher Education Funding Council for England as they affect the College's business and monitors adherence with the regulatory requirements. It reviews inter-alia the College's annual financial statements, together with the accounting policies and considers and advises the Governing Body on external audit reports and management letters. In addition the Audit Committee has monitored the work done by the external and internal auditors and considers that they carry out their activities in an efficient and cost effective way. Senior staff of the College attend the Committees as appropriate.

Board of Governors self assessment

A Self assessment review by the Board of Governors was carried out during 2010/11*. Questionnaires were circulated to all governors seeking assessment of the performance of the Board, assessment of the governor's own individual performance, and assessment of committee performance. The responses were collated and analysed by the Clerk, and reported to each committee and the Board of Governors during the year. The final outcomes of the self assessment were debated at Governor Development Day on 10 December 2010, and amendments were made to the terms of reference of each committee as appropriate.

* this is in progress to be updated in Autumn 2013.

Performance against KPIs

Following the Strategic Options Review which was completed and agreed in July 2010, key performance indicators were agreed with HEFCE for monitoring the College's progress towards sustainability. These KPIs are reported monthly to the Board of Governors.

The indicators agreed are: cash flow from operating activities as % of total income (monthly); liquidity days (monthly); operating surplus as % of total income (monthly); historical cost surplus as % of total income (monthly); discretionary reserves as % of total income (monthly); staff costs as % of total income (monthly); HE student numbers relative to cap (termly); total student numbers including against overseas target (termly); NSS score (annually); third stream income per staff FTE in both FE and HE (monthly); and cash flow from FE operating activities as % of total FE income (monthly).

All Key Performance Indicators are on schedule or better than target, with the exception of third stream income, which has an adverse variance for the year.

Full Minutes of meetings, except those deemed to be confidential by the Governors, are available from the Clerk to the Governors at: Writtle College, Lordships Road, Chelmsford, Essex, CMI 3RR.

Internal Control

As the Governing Body of Writtle College, we have responsibility for maintaining a sound system of internal control that supports the achievement of policies, aims and objectives, while safeguarding the public and other funds and assets for which we are responsible, in accordance with the responsibilities assigned to the governing body in the Instruments and Articles of Government and the Financial Memorandum with the HEFCE.

The system of internal control is designed to manage rather than eliminate the risk of failure to achieve policies, aims and objectives; it can therefore only provide reasonable and not absolute assurance of effectiveness.

The system of internal control is based on an ongoing process designed to identify the principal risks to the achievement of policies, aims and objectives; to evaluate the nature and extent of those risks and to manage them efficiently, effectively and economically. This process was in place for the year ended 31 July 2013 and up to the date of approval of the financial statements, and accords with HEFCE guidance.

As the Governing Body, we have responsibility for reviewing the effectiveness of the system of internal control. The following processes have been established:

- a. We meet termly to consider the plans and strategic direction of the institution.
- b. We receive periodic reports concerning internal control, and we require regular reports from managers on the steps they are taking to manage risks in their areas of responsibility, including progress reports on key projects.
- c. We have requested the audit committee to provide oversight of risk management.
- d. The Audit Committee receives regular reports from the internal audit providers, which include the internal auditor's independent opinion on the adequacy and effectiveness of the institution's system of internal control, together with recommendations for improvement.

- e. An internal system of review is in place to keep up to date the record of risks facing the organisation.
- f. A programme of risk awareness training is under way.
- g. A system of key performance and risk indicators is being developed.
- h. A robust risk prioritisation methodology based on risk ranking and cost-benefit analysis has been established.
- i. An organisation-wide risk register is now maintained.
- j. Reports are received by budget holders, department heads and project managers on internal control activities.

The current risk matrix has been reported to each Audit Committee meeting. It identifies the principal top 20 risks to the achievement of College policies, aims and objectives as decided by the SMT. Each risk has been assigned to a relevant SMT member and the matrix has been updated with changes and actions taken to manage each risk. Major risks have been promoted to the matrix and managed/low risks have been removed.

An annual risk management report was produced by Senior Management Team (SMT). The Audit Committee considered it in its annual report to the Board of Governors.

The proposed Risk Management Group will report to SMT. The group will be comprised of senior managers from key areas of the College and manage the development of risk management, risk assessment and risk reporting on behalf of the SMT.

Our review of the effectiveness of the system of internal control is informed by internal audit, which operates to standards defined in the HEFCE Audit Code of Practice and which was last reviewed for effectiveness in August 2008. The internal audit providers submit regular reports which include their independent opinion on the adequacy and effectiveness of the institution's system of internal control, with recommendations for improvement.

Our review of the effectiveness of the system of internal control is also informed by the work of the executive managers within the institution, who have responsibility for the development and maintenance of the internal control framework, and by comments made by the external auditors in their management letter and other reports.

Going Concern

After making appropriate enquiries, the Board of Governors considers that the College has adequate resources to continue in operational existence for the foreseeable future. For this reason, it continues to adopt the going concern basis in preparing the financial statements.

Signed on behalf of the
Board of Governors



Ms L-L Olsen
Chair of the Board of
Governors

Date 20/11/13



Dr Stephen Waite
Principal

Date 20/11/13

Statement of the Responsibilities of the Members of the Governing Body

In accordance with the College's Instruments and Articles of Government, the Governing Body is responsible for the administration and management of the College's affairs, including ensuring an effective system of internal control, and is required to present audited financial statements for each financial year.

The Governing Body is responsible for keeping proper accounting records which disclose with reasonable accuracy at any time the financial position of the College and to enable it to ensure that the financial statements are prepared in accordance with the Instruments and Articles of Government, the Statement of Recommended Practice on Accounting in Education Institutions and other relevant accounting standards. In addition, within the terms and conditions of a Financial Memorandum agreed between the Higher Education Funding Council for England and the College's Governing Body, the Governing Body, through its designated office holder, is required to prepare financial statements for each financial year which give a true and fair view of the College's state of affairs and of the surplus or deficit and cash flows for that year.

In causing the financial statements to be prepared, the Governing Body has ensured that:

- suitable accounting policies are selected and applied consistently
- judgements and estimates are made that are reasonable and prudent
- applicable accounting standards have been followed, subject to any material departure disclosed and explained in the financial statements
- financial statements are prepared on the going concern basis unless it is inappropriate to presume that the Institution will continue in operation. The Governing Body is satisfied that it has adequate resources to continue in operation for the foreseeable future: for this reason the going concern basis continues to be adopted in the preparation of the financial statements

The Governing Body has taken reasonable steps to:

- ensure that funds from the Higher Education Funding Council for England are used only for the purposes for which they have been given and in accordance with the Financial Memorandum with the Funding Council and any other conditions which the Funding Council may from time to time prescribe
- ensure that there are appropriate financial and management controls in place to safeguard public funds and funds from other sources

- safeguard the assets of the College and prevent and detect fraud
- secure the economical, efficient and effective management of the College's resources and expenditure

The key elements of the College's system of internal financial control, which is delegated to discharge the responsibilities set out above, include the following:

- clear definitions of the responsibilities of, and the authority delegated to, senior members of the College staff;
- planning processes supplemented by detailed annual income, expenditure, capital and cash flow budgets;
- monthly reviews of financial results involving variance reporting and updating of forecast outcomes;
- comprehensive Financial Regulations, detailing financial controls and procedures, approved by the Audit Committee and the Governing Body;
- clearly defined and formalised requirements for approval and control of expenditure, with investment decisions involving capital or revenue expenditure being subject to formal detailed appraisal and review according to approval levels set by the Governing Body;
- appointment of professional internal auditors whose annual programme is determined by the Audit Committee and approved by the Governing Body.

The Audit Committee, on behalf of the Governing Body, continually reviews the effectiveness of aspects of the College's system of internal control. Any system of internal financial control can, however, only provide reasonable, but not absolute, assurance against material mis-statement or loss.

Signed on behalf of the Board of Governors



Ms L-L Olsen
Chair of Board of Governors

Date 20 November 2013

Report of the Independent Auditor to the Governing Body of Writtle College

We have audited the College financial statements (the “financial statements”) of Writtle College for the year ended 31st July 2013 which comprise the College Income and Expenditure Account, the College Balance Sheets, the Cash Flow Statement, the Statement of Total Recognised Gains and Losses, the Accounting Policies and the related notes. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

This report is made solely to the Governing Body, in accordance with paragraph 13(2) of the College's Articles of Government and section 124B of the Education Reform Act 1988. Our audit work has been undertaken so that we might state to the Governing Body those matters we are required to state to it in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Governing Body for our audit work, for this report, or for the opinions we have formed.

Respective responsibilities of the Governing Body and auditor

As explained more fully in the Statement of the Responsibilities of the members of the Governing Body set out on page 18 the Governing Body is responsible for the preparation of financial statements which give a true and fair view. Our responsibility is to audit, and express an opinion, on the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's Ethical Standards for Auditors.

The maintenance and integrity of the Writtle College website is the responsibility of the Governing Body; the work carried out by the auditors does not involve consideration of these matters and, accordingly, the auditors accept no responsibility for any changes that may have occurred to the financial statements since they were initially presented on the website.

Legislation in the United Kingdom governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

Scope of the Audit of the Financial Statements

An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of: whether the accounting policies are appropriate to the College's circumstances and have been consistently applied and adequately disclosed; the reasonableness of significant accounting estimates made by the Governing Body; and the overall presentation of the financial statements. In addition, we read all the financial and non-financial information in the Annual Report to identify material inconsistencies with the audited financial statements. If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report.

Opinion on Financial Statements

In our opinion the financial statements:

- give a true and fair view of the state of the affairs of the College as at 31st July 2013 and of the College's income and expenditure, recognised gains and losses and cash flows for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the Statement of Recommended Practice – Accounting for Further and Higher Education.

Opinion on other matters prescribed in the HEFCE Audit Code of Practice issued under the Further and Higher Education Act 1992

In our opinion, in all material respects:

- funds from whatever source administered by the College for specific purposes have been properly applied to those purposes;
- income has been applied in accordance with the College's Articles of Government; and
- funds provided by HEFCE have been applied in accordance with the Financial Memorandum and any other terms and conditions attached to them.

Matters on which we are required to report by exception

We have nothing to report in respect of the following matter where the HEFCE Audit Code of Practice issued under the Further and Higher Education Act 1992 requires us to report to you if, in our opinion:

- the statement of internal control (included as part of the Corporate Governance Statement) is inconsistent with our knowledge of the College.

S Beavis

Stephanie Beavis

For and on behalf of KPMG LLP, Statutory Auditor

6 Lower Brook Street

Ipswich

Suffolk

IP4 1AP.

21 November 2013

Income and Expenditure Account

	Notes	2013 £000	2012 £000
Income			
Funding Council Income	2	7,416	8,696
Academic Fees and Support Grants	3	5,776	4,938
Research Grants and Contracts	4	91	20
Other Operating Income	5	3,267	3,386
Interest Receivable	6	10	4
Total Income		16,560	17,044
Expenditure			
Staff costs	8	10,121	10,124
Restructuring costs	8	104	22
Other operating expenses	10	4,831	4,870
Amortisation/ depreciation	14	1,098	1,029
Interest payable	11	501	581
Total Expenditure		16,655	16,626
(Deficit)/ Surplus on continuing operations after depreciation of assets at valuation and before tax	-	(95)	418
Profit on disposal of fixed assets	7	1	1
(Deficit)/ Surplus on continuing operations after depreciation of assets at valuation and disposal of assets but before tax	-	(94)	419
Taxation	12	-	-
(Deficit)/ Surplus for the year retained with general reserves	13	(94)	419

The income and expenditure account for 2013 and 2012 is in respect of continuing activities.

Statement of Historical Cost Surpluses and Deficits

	Notes	2013 £000	2012 £000
(Deficit)/ Surplus on continuing operations before tax		(94)	419
Difference between a historical cost depreciation charge and the actual depreciation charge for the year calculated on the revalued amount	25	183	183
Realisation of property valuation gains of prior years	25	-	-
Historical cost surplus after tax		89	602

Statement of Total Recognised Gains and Losses

	Notes	2013 £000	2012 £000
(Deficit)/ Surplus on continuing operations after depreciation of assets at valuation and tax		(94)	419
Net surplus on movements in endowments	23	-	(1)
Actuarial gain/ (loss) in respect of pension scheme	34	2,652	(2,690)
Total recognised gains / (loss) relating to the period		2,558	(2,272)

Balance Sheet as at 31 July

	Notes	2013 £000	2012 £000
Fixed assets			
Tangible assets	13	17,592	18,082
Total fixed assets		17,592	18,082
Endowment asset investments	15	3	3
Current assets			
Stock	16	282	162
Debtors	17	621	587
Assets held for resale	13	72	-
Cash at bank and in hand		3,073	2,786
Total current assets		4,048	3,535
Less: Creditors- amounts falling due within one year	18	(2,115)	(2,100)
Net current assets		1,933	1,435
Total assets less current liabilities		19,528	19,520
Less: Creditors: amounts falling due after more than one year	19	(4,381)	(4,448)
Less: Provisions for liabilities	21	(52)	(21)
Net assets excluding pension liability		15,095	15,051
Net pension liability	34	(7,904)	(10,248)
Net Assets Including Pension Liability		7,191	4,803
Deferred capital grants	22	3,675	3,845
Restricted Expendable Endowments	23	3	3
Income and expenditure account excluding pension reserve	25	5,445	5,048
Pension reserve	34	(7,904)	(10,248)
Income and expenditure account including pension reserve		(2,459)	(5,200)
Revaluation reserve	24	5,972	6,155
Total reserves		3,513	955
Total		7,191	4,803

The financial statements on pages 21 to 42 were approved and authorised for issue by the Governing Body on 15th November 2013 and were signed on its behalf on that date by:



Ms L-L Olsen
Chair of Board of Governors

Date 20/11/13.

Dr Steve Waite
Principal

Date



20/11/13

Cash Flow Statement

	Notes	2013 £000	2012 £000
Cash inflow from operating activities	29	1,148	1,420
Returns on investment and servicing of finance	30	(283)	(316)
Capital expenditure and financial investment	31	(529)	(696)
Cash inflow before management of liquid resources and financing		336	408
Financing	32	(49)	(53)
Increase in cash		287	355
Reconciliation of net cash flow to movement in net debt (see Note 33)			
Increase in cash in the period		287	355
New Loans		(56)	(124)
Payment of debt	32	105	177
Change in net debt		336	408
New hire purchase agreements	32	-	-
Net debt at 1 August		(1,741)	(2,149)
Net debt at 31 July	33	(1,405)	(1,741)

In this statement, figures in brackets refer to cash outflows and all other figures are cash inflows to the College.

Notes to the Financial Statements

I Statement of Principal Accounting Policies

The following accounting policies have been applied consistently in dealing with items which are considered material in relation to the financial statements.

I.1 Accounting Convention

These financial statements have been prepared under the historic cost convention and in accordance with both the “Statement of Recommended Practice: Accounting for Further and Higher Education” (SORP) and applicable Accounting Standards. They conform to guidance published by the HEFCE in their annual Accounts Direction.

I.2 Going Concern

Further information on the activities of the College, together with the factors likely to affect its future development and performance, are set out in the Operating and Financial Review. The financial position of the College, its cash flow, liquidity and borrowings are described in the Financial Statements and accompanying Notes.

The College’s forecasts and financial projections indicate that it will be able to operate within these existing facilities and attached covenants for the foreseeable future, taking into account reasonable expected changes in performance.

Accordingly, the College believes that it has adequate resources to continue in operational existence for the foreseeable future and for this reason will continue to adopt the going concern basis in the preparation of its financial statements.

I.3 Basis of Accounting

The financial statements are prepared in accordance with the historical cost convention modified by the revaluation of certain fixed assets.

The financial statements do not include those of Writtle College Students’ Union, as it is a separate unincorporated association in which the College has no direct financial interest. The College has no control or significant interest over policy decisions made by the Students’ Union. The Students’ Union presents Income and Expenditure accounts to the Governing Body on an annual basis.

Writtle College Services Ltd has not traded for a number of years and is currently dormant, therefore the financial statements of the College have not been prepared on a consolidated basis.

I.4 Recognition of Income

The Income and Expenditure Account has been drawn up in line with the SORP and with classifications based on the requirements of the annual financial return made to the Higher Education Statistics Agency.

Income from research grants, contracts and other services rendered is included to the extent of the completion of the contract or service concerned. All income from short-term deposits is credited to the income and expenditure account in the period in which it is earned. Recurrent grants from the LSC and its successor bodies and HEFCE are recognised in line with the latest estimates of grants receivable for the academic year.

Income received from endowments is credited to the income and expenditure account in the period in which it is earned. Income from specific endowments not expended in the year is transferred from the income and expenditure account to a specific endowment reserve.

I.5 Pension Scheme

Retirement benefits to employees of the College are provided by the Teachers’ Pensions Scheme (TPS) and the Local Government Pension Scheme (LGPS). These are defined benefit schemes which are externally funded and contracted out of the State Earnings Related Pension Scheme.

Contributions to the TPS are charged to the income and expenditure so as to spread the cost of pensions over the employees' working lives with the College in such a way that the pension cost is a substantially level percentage of current and future pensionable payroll. The contributions are determined by qualified actuaries on the basis of quinquennial valuations using a prospective benefit method.

The assets of the LGPS are measured using closing market values. LGPS liabilities are measured using the projected unit method and discounted at the current rate of return on a high quality corporate bond of equivalent term and currency to the liability. The increase in the present value of the liabilities of the scheme expected to arise from employee service in the period is charged to the operating surplus. The expected return on the scheme's assets and the increase during the period in the present value of the scheme's liabilities, arising from the passage of time, are included in pension finance costs. Actuarial gains and losses are recognised in the statement of total recognised gains and losses.

A more detailed explanation of the arrangements for pension schemes can be found in Note 34.

1.6 Tangible Fixed Assets

a. Land and Buildings

Land and buildings inherited from the Local Education Authority are stated in the balance sheet at valuation on the basis of depreciated replacement cost or the open market value as appropriate. Land and buildings acquired since incorporation are included in the balance sheet at cost. Freehold land is not depreciated. Freehold buildings are depreciated over their expected useful economic life to the College of between 5-50 years. Assets under construction are not depreciated. Once completed, assets under construction are transferred to freehold land and buildings and then depreciated.

On adoption of FRS 15, the College followed the transitional provisions to retain the book value of land and buildings, which were revalued in 1993, but not to adopt a policy of revaluations of these properties in the future. These values are retained subject to the requirement to test assets for impairment in accordance with FRS 11.

b. Equipment

Equipment costing less than £1,000 per individual item is written off to the income and expenditure account in the period of acquisition. All other equipment is capitalised at cost. Equipment inherited from the Local Education Authority is included in the balance sheet at valuation.

Exceptionally, PCs will be considered as a capital purchase even if purchased individually at a cost of less than £1,000 each (including VAT).

Equipment is depreciated on a straight line basis over its useful economic life to the College using rates of 7% - 50% per annum. Where equipment is acquired with the aid of specific grants it is capitalised and depreciated in accordance with the above policy, with the related grant being credited to a deferred capital grant account and released to the income and expenditure account over the expected useful economic life of the related equipment.

1.7 Stocks

Stocks (standing crops, livestock and consumable) are stated at the lower of their cost and net realisable value. Where necessary, provision is made for obsolete, slow moving and defective stocks.

1.8 Subsequent Expenditure on Existing Fixed Assets

Subsequent expenditure on existing fixed assets is capitalised if over £1,000 and if capital in nature.

1.9 Foreign Currency Transactions

Transactions in foreign currencies are recorded using the rate of exchange ruling at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies are translated at the rates of exchange ruling at the end of the financial period with all resulting exchange differences being taken to the income and expenditure account in the period in which they arise.

1.10 Taxation

The College meets the definition of a charitable company for UK corporation tax purposes as it is considered to pass the tests set out in Paragraph 1 Schedule 6 Finance Act 2010. Accordingly, the College is potentially exempt from taxation in respect of income or capital gains received within categories covered by Chapter 3 Part 11 Corporation Tax Act 2010 or Section 256 of the Taxation of Chargeable Gains Act 1992, to the extent that such income or gains are applied exclusively to charitable purposes.

The College is partially exempt in respect of Value Added Tax, as its main activity is the supply of education which is an exempt supply for the purposes of VAT. Accordingly, it can only recover a minor element of VAT charged on its inputs. Irrecoverable VAT on supplies and services received is included in the related costs in the financial statements. It is also added to the cost of tangible fixed asset as appropriate, where the inputs themselves are tangible fixed assets by nature.

As the VAT on supplies and services received exceeds the VAT on sales, VAT represents a net cost to the College.

The College's subsidiary company is liable to corporation tax and VAT in the same way as any commercial organisation.

1.11 Investments

Endowment asset investments in the balance sheet are at market value.

1.12 Leases and Hire Purchase Contracts

Fixed assets held under finance leases and hire purchase contracts and the related lease obligations are recorded in the Balance Sheet at the fair value of the leased assets at the inception of the lease. The excess of lease payments over recorded lease obligations are treated as finance charges which are amortised over each lease term to give a constant rate of charge on the remaining balance of the obligations.

Rental costs under operating leases are charged to expenditure in equal amounts over the periods of the leases.

1.13 Provisions

A provision is recognised if, as the result of a past event, the College has a present or legal constructive obligation that can be estimated reliably and it is probable that an outflow of economic benefits will be required to settle the obligation. A restructuring provision is recognised when the College has approved a detailed and formal restructuring plan. Future operating costs are not provided for.

Notes to the Financial Statements cont...

	Note	2013 £000	2012 £000
2 Funding Council Grants			
Recurrent grant- HEFCE		2,833	4,039
Non Recurrent grant- HEFCE		67	30
Recurrent grant- FE		4,268	4,357
Non Recurrent grant- FE		64	79
Release of deferred capital grants	22	184	191
		7,416	8,696

3 Academic Fees and Support Grants

HE			
Full-time Student Fees		3,641	2,927
Full-time Students charged overseas fees		809	701
Part-time Student Fees		122	156
		4,572	3,784
FE			
Full-time Student Fees		36	34
Full-time Students charged overseas fees		31	13
Part-time Student Fees		124	105
Short Course Student Fees		511	455
Other Fees and Support Grants		502	547
		1,204	1,154
Total		5,776	4,938

4 Research Grants and Contracts

Research grants and contracts		91	20
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5 Other Operating Income

Catering and residence operations		2,037	2,087
Releases from deferred capital grants	22	36	48
Estate activities		266	366
Other income		928	885
		3,267	3,386

6 Interest Receivable

Other interest receivable		10	4
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Notes to the Financial Statements cont...

2013
£000

2012
£000

7 Profit/Loss on Disposal of Fixed Assets

Various fixed assets have been disposed of during the year resulting in a profit of £1,000 (2012 £1,000).

8 Staff Costs

The average number of persons (including senior post holders) employed by the College and its subsidiary during the year, expressed as full-time equivalents, was:

Academic	107	106
Academic support services (Technical & Library staff)	69	70
Support Staff (Administration, Caretaking, Estate Staff, Halls and Catering Staff)	109	114
	285	290

Staff Costs for the above persons

Wages and salaries	8,294	8,405
Social Security costs	612	622
Other pension costs (including FRS 17 adjustments of £100,000 - 2012 £(34,000))	1,215	1,097
Staff restructuring	104	22

Total	10,225	10,146
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Academic departments	5,361	5,406
Academic support services	233	309
Administration and central services	2,643	2,609
Premises	752	704
Other income generating activities	89	80
Catering and residences	726	695
Estates	317	321
Restructuring costs including pension strain	104	22

Total	10,225	10,146
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Employment costs for staff on permanent contracts	9,365	9,366
Employment costs for staff on short-term and temporary contracts	756	758
Restructuring costs	104	22

Total	10,225	10,146
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There were no staff excluding the Principal, who received emoluments (including taxable benefits, but excluding employers pensions contributions) in excess of £100,000 (2012 nil).

Notes to the Financial Statements cont...

	2013 £000	2012 £000
9 Principals' Emoluments		
Senior post-holders, including the Principal and other higher paid staff, received a pay increase in line with the general pay award. No bonuses or other salary enhancements were awarded to senior post-holders or other higher paid staff.		
The emoluments below represent amounts payable to the Principal who is the highest paid senior post holder.		
Emoluments (excluding employer's National Insurance and pension contributions) paid to the Principal.		
- Outgoing August 2012 – March 2013	75	112
- Incoming April 2013 – July 2013	36	-
Benefit in kind		
- Outgoing August 2012 – March 2013	2	2
- Incoming April 2013 – July 2013	1	-
Pension contributions of the Principal paid at the same rate as for other academic staff		
- Outgoing August 2012 – March 2013	11	16
- Incoming April 2013 – July 2013	5	-
Total	130	130

10 Other Operating Expenses

Residences, Catering and Conferences Operating Expenses	725	735
Consumables and Laboratory Expenditure	204	225
Books and Periodicals	222	220
Heat, Light, Water and Power	495	431
Repairs and General Maintenance	202	262
Grants to Students' Union	1	17
Rents and Rates	62	58
Auditor's Remuneration		
Financial Statements Auditor		
Financial Statements audit	27	34
Other services provided by the financial statements auditors	-	41
Internal Auditors		
Internal audit	27	28
Other audit services provided by internal auditors	-	-
Equipment Operating Lease Rentals	38	38
Other Expenses	2,471	2,370
Estate Activities	357	411
Total	4,831	4,870

Reimbursements to 2 trustees for expenditure incurred in attending trustee meetings amounted to £308 (2012 £1,304, 5 trustees)

The trustees did not receive any remuneration from the charity.

Notes to the Financial Statements cont...

	2013 £000	2012 £000
11 Interest Payable		
On bank loans, overdrafts and other loans:		
Repayable wholly or partly in more than 5 years	293	318
On finance leases and hire purchase agreements repayable within 5 years by instalments	-	2
Pension finance costs (note 34)	208	261
Total	501	581

12 Taxation

UK Corporation Tax - -

The standard rate of tax for the year, based on the UK standard rate of corporation tax is 23.7% (2012 – 25.33%).

The Institution is an exempt charity within the meaning of schedule 3 of the Charities Act 2011 (formerly schedule 2 of the Charities Act 1993) and is considered to pass the tests set out in Paragraph 1 Schedule 6 Finance Act 2010 and therefore it meets the definition of a charitable company for UK corporation tax purposes. Accordingly, the Institution is potentially exempt from taxation in respect of income or capital gains received within categories covered by section 287 CTA2009 and sections 471, and 478-488 CTA 2010 (formerly s505 of ICTA 1988) or section 256 of the Taxation of Chargeable Gains Act 1992, to the extent that such income or gains are applied to exclusively charitable purposes.

Notes to the Financial Statements cont...

13 Tangible Fixed Assets

Consolidated and College	Freehold Land and Buildings £000	Equipment £000	Assets Under Construction £000	Total £000
Cost or valuation				
At 1 August 2012	24,559	6,122	92	30,773
Additions at cost	60	620	-	680
Transfer to assets	-	52	(52)	-
Transferred to assets held for resale	(72)	-	-	(72)
Disposals	-	(193)	-	(193)
At 31 July 2013	24,547	6,601	40	31,188
Depreciation				
At 1 August 2012	7,702	4,989	-	12,691
Charge for the year	569	529	-	1,098
Eliminated in respect of disposals	-	(193)	-	(193)
At 31 July 2013	8,271	5,325	-	13,596
Net book value at 31 July 2013	16,276	1,276	40	17,592
Net book value at 31 July 2012	16,857	1,133	92	18,082
The transitional rules set out in FRS15 'Tangible Fixed Assets' have been applied on implementing the standard, and accordingly the book amounts for the inherited Freehold land and buildings have been retained.				
If inherited land and buildings and equipment had not been re-valued they would have been included at nil cost.				
Included in freehold land and buildings is land valued at £809,960 (2012: £809,960). All assets valued in 1993 by Essex County Council Property Services.				
The depreciation charge for the year is analysed as follows:				
Owned assets			1,026	947
Assets held under hire purchase obligations			72	82
Total			1,098	1,029

Equipment with a net book value of £2,000 is held under hire purchase agreements (2012 - £74,000)

14 Investments

The College also owns 100% of the issued share capital of Writtle College Services Limited, a company registered in England. This company ceased trading with effect from 1st August 2009.

Notes to the Financial Statements cont...

	Notes	2012 £000	2013 £000
15 Endowment Asset Investments			
Balance at 1 August 2012		3	4
Transfer from Income & Expenditure account	23	-	(1)
Balance at 31 July 2013		3	3
16 Stock			
Livestock		202	107
Consumable		80	55
Total		282	162
17 Debtors			
Amounts falling due within one year:			
Trade debtors		225	228
Other debtors		1	3
Prepayments and accrued income		395	356
Total		621	587
18 Creditors: Amounts falling due within one year			
Bank loans and overdrafts		108	103
Obligations under hire purchase contracts		-	2
Payments received on account		286	220
Trade creditors		1,199	1,281
Other creditors		157	167
Other taxation and social security		214	241
Amounts due to funding bodies		75	-
Accruals		76	86
Total		2,115	2,100
19 Creditors: Amounts falling due after more than one year			
Bank loans		4,265	4,342
Other loans		105	80
Pensions and similar obligations		11	26
Total		4,381	4,448

Notes to the Financial Statements cont...

	2012 £000	2013 £000
20 Analysis of borrowings of the College		
a. Bank Loans and Overdraft		
Bank loans and overdrafts repayable as follows;		
In one year or less	77	73
Between one and two years	82	77
Between two and five years	273	258
In five years or more	3,910	4,006
Total	4,342	4,414

The bank loans and overdraft are secured on the freehold land and buildings

The College has one bank loan £3,585k which, with effect from November 2007, was transferred to an interest only loan over 10 years at a interest rate of 5.3%. The other College bank loans are fixed at a rate of 5.45% until August 2021.

b. Other loans		
Salix loans are repayable as follows:		
In one year or less	37	31
Between one and two years	45	31
Between two and five years	55	49
In five years or more	-	-
Total	137	111

The College has taken an additional two Salix loans. These are interest free loans repayable over 4 years, in quarterly instalments.

c. Hire Purchase Contracts		
The net hire purchase obligations to which the College are committed are:		
In the next year	-	2
In the second to fifth years inclusive	-	-
Total	-	2

21 Provision for Liabilities

	Restructuring £000
As at 1 August 2012	21
Transferred to income and expenditure account	(21)
Transferred from income and expenditure account	52
At 31 July 2013	52

Notes to the Financial Statements cont...

22 Deferred Capital Grants

	Funding Councils £000	Other Grants £000	Total £000
As at 1 August 2012			
Land and buildings	2,909	783	3,692
Equipment	146	7	153
Total	3,055	790	3,845
Cash received			
Land and buildings	-	-	-
Equipment	50	-	50
Total	50	-	50
Released to income and expenditure account			
Land and buildings	(101)	(33)	(134)
Equipment	(83)	(3)	(86)
Total:	(184)	(36)	(220)
As at 31 July 2013			
Land and buildings	2,808	750	3,558
Equipment	113	4	117
Total	2,921	754	3,675
		2012 £000	2013 £000

23 Restricted Expendable Endowments

As at 1 August 2012	3	4
Transfer from Income and Expenditure account	-	(1)
As at 31 July 2013	3	3

24 Revaluation Reserve

As at 1 August 2012	6,155	6,338
Transfer from revaluation reserve to income and expenditure account	(183)	(183)
As at 31 July 2013	5,972	6,155

Notes to the Financial Statements cont...

	Notes	2012 £000	2013 £000
25 Income and Expenditure Account			
As at 1 August 2012		(5,200)	(3,111)
Transfer from revaluation reserve to income and expenditure account		183	183
Actuarial gain/(loss) in respect of pension scheme		2,652	(2,690)
(Deficit)/surplus on continuing operations after depreciation of assets at valuation and tax		(94)	419
Transfer to income and expenditure reserves in respect of the monthly fund unrestricted surplus		-	(1)
As at 31 July 2013		(2,459)	(5,200)
Balance represented by Pension Reserve		(7,904)	(10,248)
Income and Expenditure reserve excluding Pension Reserve		5,445	5,048
As at 31 July 2013		(2,459)	(5,200)

26 Financial Commitments

At 31 July 2013 the College had annual commitments under non-cancellable operating leases for equipment as follows:

Expiring within one year	3	-
Expiring between two and five years inclusive	34	37
Total	37	37

27 Capital Commitments

Commitments contracted for at 31 July 2013	224	153
Authorised commitments but not contracted for at 31 July 2013	-	-
	224	153

28 Post Balance Sheet Events

There are no material post balance sheet events to report.

Notes to the Financial Statements cont...

	2013 £000	2012 £000
29 Reconciliation of Operating (Deficit)/ Surplus to Net Cash Inflow from Operating Activities		
(Deficit)/ Surplus on continuing operations after depreciation of assets at valuation and tax	(94)	419
Depreciation (note 13)	1,098	1,029
Deferred capital grants released to income (note 22)	(220)	(239)
Profit on disposal of tangible fixed assets	(1)	(1)
(Increase)/ Decrease in stocks	(120)	2
Interest payable (note 11)	501	581
Pension costs less contributions payable (note 8)	100	(34)
(Increase)/ Decrease in debtors	(134)	74
(Decrease) in creditors	(3)	(418)
Increase in provisions	31	11
Interest receivable (note 6)	(10)	(4)
Net cash inflow from operating activities	1,148	1,420

30 Returns on Investments and Servicing of Finance

Other Interest Received (note 6)	10	4
Interest Paid (note 11)	(293)	(320)
Net cash outflow from returns on investment and servicing of finance	(283)	(316)

31 Capital Expenditure and Financial Investment

Tangible Assets Acquired	(680)	(903)
Receipts from Disposal of Tangible Assets	1	1
Deferred Capital Grants Received (note 22)	50	7
Disposal of Activities at Shuttleworth College	100	200
Net Endowments received (note 24)	-	(1)
Net cash (outflow) from capital expenditure and financial investment	(529)	(696)

32 Financing

New Loans	56	124
Repayment of long term loans	(103)	(98)
Capital elements of finance lease payment	(2)	(79)
Net cash flow from Financing	(49)	(53)

Notes to the Financial Statements cont...

33 Analysis of Changes in Net Debt

	At 1 August 2012 £000	Cash Flows £000	Non Cash Movement £000	At 31 July 2013 £000
Cash at Bank and in Hand				
Overdraft	-	-	-	-
Other	2,786	287	-	3,073
	2,786	287	-	3,073
Debt due within one year	(103)	47	(52)	(108)
Debt due after one year	(4,422)	-	52	(4,370)
Hire purchase agreements	(2)	2	-	-
Net debt	(1,741)	336	-	(1,405)

34 Pension and Similar Obligations

The Colleges' employees belong to two principal pension schemes: the Teachers' Pension Scheme in England and Wales (TPS) for academic and related staff, and the Local Government Pension Scheme (LGPS) for non-teaching staff, which is managed by Essex County Council. Both are defined benefit schemes.

Total pension cost for the year	Year ended 31 July 2013 £000	Year ended 31 July 2012 £000
Teachers' Pension Scheme: contributions paid	503	524
Local Government Pension Scheme: contributions paid	612	607
FRS 17 Charge/ (Credit)	100	(34)
Total Pension Cost for Year	1,215	1,097

The pension costs are assessed in accordance with the advice of independent qualified actuaries. The latest actuarial valuation of the TPS was 31 March 2004 and the LGPS 31 March 2013.

Teachers' Pension Scheme

The PTS is a statutory, contributory, final salary Scheme administered by the Teachers' Pension Agency operating under the Teacher's Superannuation (Consolidated Regulations). Actuarial valuations are carried out on a notional set of investments.

The pension cost is assessed every five years in accordance with the advice of the government actuary. The assumptions and other data that have the most significant effect on the determination of the contribution levels are as follows:

Latest actuarial valuation	31 March 2004
Actuarial method	Projected Benefits
Investment returns gross per annum	6.5%
Salary scale increases per annum	1.5%
Market value of assets at date of last valuation	£163,240m
Proportion of members accrued benefits covered by the actuarial value of the assets	98%

Notes to the Financial Statements cont...

Following the implementation of the Teachers' Pension (Employers' Supplementary Contributions) Regulations 2000 the government actuary carried out a further review on the level of employer contributions. For the period from 1 August 2012 to 31 March 2013 the employer contribution rate was 14.1%, the employee banded rate was 6.4% - 8.8% for the same period. From 1 April 2013 the contribution rates are set at 14.1% for employers and banded rates of 7.0% - 11.20% for employees.

FRS 17

Under the definitions set out in the Financial Reporting Standard 17 (FRS 17) Retirement Benefits, the TPS is a multi-employer pension scheme. The College is unable to identify its share of the underlying assets and liabilities of the scheme. Accordingly, the College has used the exemption in FRS 17 and contributions to the scheme have been accounted for as if it were a defined contribution scheme. The College has set out above the information available on the deficit in the scheme and the implications for the College in terms of the anticipated contribution rates.

Local Government Pension Scheme

The LGPS is a funded defined benefit scheme, with assets held in separate trustee administered funds. The total contribution made for the year ended 31 July 2013 was £632,000 of which employer's contributions totalled £401,000 and employees' contributions totalled £231,000. The agreed contribution rates for future years are set at 11.1% for employers and banded rates of 5.5% - 7.5% for employees. In addition an employer's annual contribution of £211,000 (2012 - £211,000) is made to meet past service deficiencies.

FRS 17

The following information is based upon a full actuarial valuation of the fund as at 31 March 2013 by a qualified independent actuary

Principal Actuarial Assumptions

	Year ended 31 July 2013	Year ended 31 July 2012
Rate of RPI inflation	3.3%	2.6%
Rate of CPI inflation	2.5%	1.8%
Rate of increase in salaries	4.3%	3.6%
Rate of increase for pensions in payment/inflation	2.5%	1.8%
Discount rate for liabilities	4.7%	3.9%
Commutation of pensions to lump sums	50%	50%

The current mortality assumptions include sufficient allowance for future improvements in mortality rates. The assumed life expectations on retirement age 65 are:

Retiring today:		
Males	22.7	22.7
Females	25.3	25.3
Retiring in 20 years:		
Males	24.2	24.1
Females	26.9	26.8

Notes to the Financial Statements cont...

The College's share of the assets in the scheme and the expected rate of return were:

	Long Term rate of return expected at 31 July 2013	Fair Value at 31 July 2013 £000	Long Term rate of return expected at 31 July 2012	Fair Value at 31 July 2012 £000
Equities	6.5%	11,907	5.9%	10,200
Government Bonds	3.4%	1,443	2.8%	887
Other Bonds	4.3%	1,443	3.9%	1,330
Property	5.5%	1,984	4.9%	1,774
Cash/Liquidity	0.5%	541	0.5%	591
Other	4.3%	722	-	-
Total market value of assets		18,040		14,782
Actuarial value of scheme liabilities		(25,944)		(25,030)
Deficit in the scheme – Net pension liability		(7,904)		(10,248)
		31 July 2013 £000		31 July 2012 £000
Analysis of amounts charged to income and expenditure account:				
Employer's service cost (net of contributions)		(743)		(619)
Curtailment costs		-		-
Total operating charge		(743)		(619)
Analysis of pension finance costs:				
Expected return on pension scheme assets		777		889
Interest on pension scheme liabilities		(985)		(1,150)
Pension finance costs		(208)		(261)
Amount recognised in the statement of total recognised gains and losses (STRGL)				
Actuarial gains on pension scheme assets		2,150		(772)
Actuarial gains on pension scheme liabilities		502		(1,918)
Past service gain arising on change to CPI		-		-
Actuarial gain/ (loss) recognised in STRGL		2,652		(2,690)
Movement in deficit in the year:				
Deficit in the scheme at 1 August		(10,248)		(7,331)
Current employer service costs		(743)		(619)
Employer contributions		643		653
Past service (costs)/gains curtailment or settlements		-		-
Net interest		(208)		(261)
Actuarial gain/ (loss)		2,652		(2,690)
Deficit in scheme at 31 July		(7,904)		(10,248)

Notes to the Financial Statements cont...

	31 July 2013 £000	31 July 2012 £000
Reconciliation of Liabilities		
Liabilities at start of period	25,030	21,444
Current Service cost	743	619
Interest cost on pension liabilities	985	1,150
Employee contributions	232	226
Actuarial gains/ (loss)	(502)	1,918
Benefits paid	(544)	(327)
Past service gain	-	-
Curtailments and settlements	-	-
Liabilities at end of period	25,944	25,030
Reconciliation of Assets		
Assets at start of period	14,782	14,113
Expected return on assets	777	889
Actuarial gain/ (loss)	2,150	(772)
Employer contributions	643	653
Employee contributions	232	226
Benefits paid	(544)	(327)
Assets at end of period	18,040	14,782

The estimated value of employer contributions for the year to 31 July 2014 is £612,000 (2013 £599,000)

As part of the disposal of the Shuttleworth campus the College transferred around 30 staff under TUPE arrangements to Bedford College. The underlying pension rights and liabilities will in due course also transfer to the Bedford College LGPS. At this time the actual numbers of staff transferring, the basis on which the bulk transfer will be made and the valuation of these aspects has not been resolved and as result no adjustments have been made to the FRS 17 net deficit recorded in the College accounts.

By way of illustration of the likely impact on the College's FRS 17 liability though, if the bulk transfer takes effect at the implied funding rate of the ratio of scheme assets to liabilities at 31 July 2013 (approximately 60%) and the approximate FRS 17 liabilities for the 30 members to be transferred is estimated at £927,000 (the same as the last Valuation Funding liabilities), then the corresponding balance sheet assets to transfer would be approximately £561,000. The net FRS 17 deficit would then be restated as £7.538 million compared to the current £7.904 million. The resulting change would be treated as a settlement gain and recognised in the Income and Expenditure account in the year in which the final transfer is agreed.

History of experience of gains and losses	At 31 July 2013	At 31 July 2012	At 31 July 2011	At 31 July 2010	At 31 July 2009
Difference between the expected and actual return on scheme assets:					
Amount £000	2,150	(772)	49	1,156	(1,536)
Experience losses on scheme liabilities					
Amount £000	-	(2)	18	-	-
Total amount recognised in the statement of total recognised gains and losses:					
Amount £000	2,652	(2,690)	245	962	361

Notes to the Financial Statements cont...

	2013 £000	2012 £000
35 Access Funds		
Funding Council Grants	25	25
Contribution to Staff Administration	(1)	(1)
Interest Earned	-	-
	24	24
Balance unspent and brought forward	-	-
Disbursement to Students	(25)	(24)
Audit Fees	-	-
To be returned to Funding Council	-	-
Balance at 31 July 2013	(1)	-

Funding Council grants are available solely for students: the College acts only as a paying agent. The grants and related disbursements are therefore excluded from the Income and Expenditure Accounts.

There are no unspent funds to be carried forward to 2013/14 (2012/13 – £353).

36 Learner Support Funds

Funding Council Grants	357	293
Contribution to Staff Administration	(18)	(15)
Interest Earned	-	-
	339	278
Balance unspent and brought forward	-	-
Disbursement to Students	(137)	(107)
Audit Fees	-	-
To be returned to Funding Council	(195)	(158)
Balance Unspent at 31 July 2013	7	13

Funding Council grants are available solely for students: the College acts only as a paying agent. The grants and related disbursements are therefore excluded from the Income and Expenditure Accounts.

The SFA have agreed £7,000 of unspent funds can be carried forward to 2013/14 (2012/13 – nil).

37 Related Party Transactions

Transactions with the LSC and its successor bodies and the HEFCE are shown in notes 2, 18 and 19. Any transactions with the trustees are dealt with as 3rd party transactions.