

An aerial photograph of the Writtle College campus, showing various buildings, parking lots, and green spaces. The college is surrounded by trees and open land.

Writtle College



A partner of the University of Essex

Report and Financial Statements Year Ended 31 July 2014





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NATURE, OBJECTIVES AND STRATEGIES

The members present their report and the audited financial statements for the year ended 31 July 2014.

Legal Status

On the 1st October 1994, the College transferred from the Further Education (FE) sector to the Higher Education (HE) 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 and is an exempt charity under the terms of the Charities Act 2011.

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 Key Performance Indicators (KPIs) have been agreed to monitor the successful implementation of the policies.

FINANCIAL RESULTS

For the financial year ended 31 July 2014 the College has reported a surplus at Historic Cost of £1,799k with a surplus retained for the year (after exceptional items and depreciation of assets at valuation) of £1,547k. These figures include cost adjustments in the year for the pension deficit, in accordance with FRS17 of (£246k), together with settlement gains of £713k in relation to the Shuttleworth and Catering transfers, and direct restructuring costs of £148k.

The College had accumulated reserves of £6,777k (excluding Pension Liability of £(10,008)k and Revaluation Reserve of £5,720k) with cash balances of £4,287k, and long term debt of £4,430k at the Balance Sheet date.

Tangible fixed asset additions during the year amounted to £1,223k. This was split between land and buildings acquired or in construction of £60k, equipment purchased of £596k and work in progress of £567k. This was marginally lower than originally budgeted for the year

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 2013/14 with prior year comparatives.

	2014	2013
	£k	£k
Income	16,777	16,560
Expenditure	16,402	16,655
Surplus/(Deficit) at Revaluation	375	(95)
Depreciation on revalued assets	180	183
Adjusted for non-operating items		
FRS 17 Exceptional	629	0
Cash Receipts re Asset Sales	615	1
Surplus/(Deficit) at Historic Cost	1,799	89

Historical Cost Surplus

The College achieved a Historic Cost surplus in 2013/14 of £1,799k, which included some one-off non-operating income receipts totalling £1,256k. These included £713k FRS17 for the transfer of staff to Shuttleworth and Caterlink and the sale of two College properties to the value of £615k that were surplus to requirements.

Cash Flows

The College achieved an improvement in its net cash inflow from operating activities of £2,051k for 2013/14. This compares to a net cash inflow from operating activities of £1,148k in the previous year (see Note 29).

A planned asset disposal with anticipated cash proceeds of £250k did not take place before the Balance Sheet date. Disposal is now expected during the 2014/15 financial year.

Liquidity

The continued improving trend in cash flow from operating activities is reflected in the College's 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 continue to 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). The anticipated removal of SNC, coupled with regional and national demographic trends, suggests that the sector is likely to become increasingly competitive, particularly between large generalist institutions.

The introduction of the new fee regime resulted in a substantial reduction in recruitment, with below target recruitment into the 2012/13 cohort. However, following this, recruitment has improved and student numbers were approximately 8% higher during 2013/14. Currently, indications suggest that this recovery is continuing and that HE recruitment for 2014/15 is likely to be at least 10% above the previous year.

During 2013/14, the College took the strategic decision to increase FE recruitment with planned modest year-on-year increases over the next three years of 3%, and indications are that a similar level of increase will be achieved during 2014/15. The College has undertaken this with the aim of retaining its position as a leading mixed economy institution providing specialist land-based education and training in both the FE and HE sector.

Over the next three years, the College is currently forecasting the following Historical Cost surpluses: 2014/15 £296k, 2015/16 £718k and 2016/17 £951k. Over the same period, year-end cash balances are expected to remain broadly in line with those held at 31 July 2014, with an annual capital investment of £1.2m.

PUBLIC BENEFIT

Writtle College is a Higher Education Institution (HEI) and, therefore, an exempt charity under the terms of the Charities Act 2011. In setting and reviewing the College's strategic objectives, the Governing Body has given 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.

Two recent Government research reports (BIS Research Papers No127 and No157) attest to the enhanced social and economic benefits gained by individuals and the wider public as a direct and indirect result of people engaging with Further and Higher Education. A substantial body of information shows clearly that training and research undertaken by HEIs has an important and measurable regional and national economic and social benefit. The wider public benefit and national economic importance of the vocational training and research undertaken by institutions such as Writtle College has been highlighted in the Government's UK Strategy for Agricultural Technologies, published July 2013.



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". 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 and 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 and Human Resources

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



Public Benefit and Higher Education

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.

In addition to providing subject-specific theoretical knowledge, understanding and practical skills, Writtle College courses also 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.

The School of Sport, Equine and Animal Sciences offers undergraduate, taught postgraduate and research degrees in these programmes and Veterinary Physiotherapy. 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 (Biotechnology and Biological Sciences Research Council) 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, Conservation, Floristry and Horticulture. 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 postharvest technology, applying research to minimise food waste, transport costs, and carbon emissions.



Writtle School of Design comprises of an interrelated programme of teaching and research in the fields of Art & Design, Interior Architecture & Design and Landscape Architecture & Garden 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. Through its outreach work, the School 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.

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 Crop Management, 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 College hosts the annual Essex Schools Food and Farming Day. In 2014, more than 2,500 primary schoolchildren 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 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 HE.

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 (such as a floristry training shop, dog grooming parlour, animal unit and equine yard, stud duties and estate duties).

All full-time 16 to 18-year-old learners participate in study programmes which contain a main qualification, work experience, employability training and English and Maths. This individually-tailored package of learning provides not only a main qualification but wider life skills which improve progression and employment potential. Examples of employability training undertaken include Certificates of Competence (tractor driving, pesticide application, forklift truck operation), fitness instructing, photography, sustainable development, enterprise skills and coaching.

Enrichment activities based around being healthy, staying safe, enjoying and achieving, developing awareness of equality and diversity, enterprise skills and awareness of sustainability are built into all study programmes. Examples of activities include:

- 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 participating in nature walks and undertaking 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
- Promotion of volunteering. For example:
 - Animal Studies learners encouraged to help in primary schools, visit the elderly and support the 'Vets and Wildlife' volunteer scheme
 - Sports students working with local schools to provide coaching assistance
- Working with local organisations and facilities. For example:
 - Countryside learners undertaking work at a local power station, woods and Danbury Country Park as part of their curriculum. Examples of work include renovating and installing bridges and maintaining paths and hedges.
 - Floristry students providing floral displays for Harvest Festival at the local parish church
 - Animal Studies learners assisting in the training of police sniffer dogs and raising money for the Canine Partners charity.
 - Equine learners raising money for Cancer Research
 - Horticulture learners building a water feature at a local primary school
- Learners are able to display their work, with some participating in local and national competitions. For example:
 - Art and Design students holding a Writtle College Art Exhibition, which is open to friends, families and the public
 - Floristry learners participating in producing a display for the Hampton Court Palace Flower Show;
 - Horticulture learners achieving gold in the Young Gardeners of the Year competition at the Ideal Home Show 2014

There has been a continued significant emphasis this year on engagement with the Job Centre Plus 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

The Division has worked hard to develop a number of collaborations and partnerships with stakeholders which enhance quality and efficiency, as well as developing 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 (Continuing Professional Development)
- **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 Day with Essex Agricultural Society and Essex County Council, Abberton Reservoir 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 2013/14, a total amount of £436 (2012/13 £308) was paid in respect of claims made by a Governor. Members of staff serving on the Board receive no supplementary payment for trusteeship.

Strategic Vision 2010/11 – 2013/14

Writtle College will be:

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

Details of the Vision

- Building upon our strengths as a specialist and distinctive provider in the area of environmental education. There will be a renewed portfolio of FE and HE courses that meets our mission. We will engage in outreach activity to meet the Government's skills and employer engagement agendas
- Ensuring there is a sound financial base to allow the freedom to invest and to innovate
- Developing our links with the University of Essex, our partner institution
- Focussing on the progression of students from FE to HE and from undergraduate to postgraduate study
- Fulfilling our economic, environmental, social and cultural responsibilities both in the College and in the community
- Securing our position as a sustainable HE institution

During 2013/14 the College has undertaken a detailed review of the present College Strategic Plan 2010/11 – 2013/14, which had been reviewed in 2012. The process has involved extensive consultation and discussion with stakeholders and has reaffirmed the College's commitment to its existing mission of 'Transforming lives and the environment through inspiring education' and its vision of being 'A distinctive place to study and to serve the environment through science and the arts'. The new Strategic Plan 2015/16 to 2017/18 is due for approval by the Board of Governors during the 2014 autumn term.



HIGHER EDUCATION

Student Numbers

Following the introduction of the new fee regime in 2012/13, the College recruited below target. This year has seen a modest recovery which has strengthened through the year and bodes well for 2014/15. During this year, for 2013/14, the College had 893 HE enrolments, totalling 845 Full Time Equivalents (FTE). Of these, 94 FTEs were international students (i.e. not from the UK or EU). The majority enrolled on undergraduate programmes, principally BSc and BA awards, but also Foundation degrees, Higher diplomas and certificates. There were 73 FTE student enrolments on taught post-graduate (PGT) programmes and 20 FTEs enrolled on postgraduate research programmes (PGR).

Direct HEFCE funding associated with teaching for 2013/14 totalled £1,900k. Total fee income was £5,176k of which £827k was international fees.

The College also received £214k 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 2013/14, students achieved the following awards:

- 57 taught postgraduate awards
- 239 Bachelors degrees
- 34 Foundation degrees
- 14 Diplomas of Higher Education
- 37 Certificates of Higher Education

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, with many aspects of good practice noted.

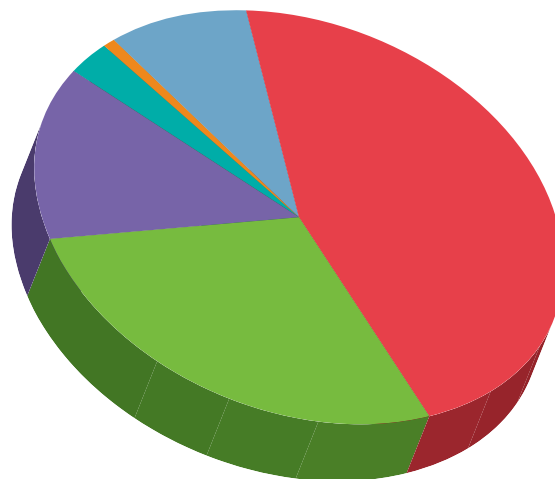
During 2013/14 the following programme areas were subject to successful reviews led by the University of Essex:

- MSc in Landscape Management (revalidated as Sustainable Land Management under Global Change)
- MSc Livestock Production Science
- MSc Animal Welfare and Conservation

In addition, the following new programmes were successfully validated:

- BSc (Hons) Equine Behaviour
- Integrated Masters: MVetPhys Veterinary Physiotherapy
- BSc (Hons) Animal Therapy
- MSc Equine Therapy and Rehabilitation
- FdSc Cycling Performance

Non UK students 2013/14



9%	Africa
45%	Asia
28%	Europe
14%	Middle East
3%	North America
1%	Pacific



FURTHER EDUCATION

Learner Numbers

During the 2013/14 academic year, the FE Division delivered a range of programmes funded by the Education 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 £4,689k (2012/13, £4,553k). This represented 1,178 funded and 1,346 commercially funded learners.

Approximately £50k of schools 14 – 16 provision was delivered at our centres including Maldon Promenade, Saffron Walden County High School and Marsh Farm.

Quality Improvement

In January 2014 the Division successfully participated in a full Ofsted Inspection under the 2012 Common Inspection framework. The result of this inspection concluded that the College had improved from satisfactory to a “Good” (Grade 2) level. Within the inspection, the College was awarded grade 2 “Good” for all aspects including Teaching, Learning & Assessment, Outcomes for Learners and Effectiveness of Leadership and Management. Furthermore, the five curriculum areas inspected were also given “Good” grades including Agriculture, Art & Design, Animal Studies, Foundation English and Preparation for Life and Work (Level 1).

The improved inspection outcome is the result of several years of upward trajectory seen by the Division, which not only culminated in a “Good” grade from Ofsted, but the College being placed 17th in the national success rate tables (2012/13 16-18 long qualifications) out of approximately 350 similar providers. At the end of this academic year, a further improvement in success rate data is predicated to an estimated 93.5% (from 83% in 2010/11, 88% in 2011/12 and 92.6% in 2012/13).

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 HE programmes. To this end, by far the highest volume of learners at Writtle are studying programmes at Level 3. During 2013/14 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 encompassed the Government’s Study Programme agenda, with the integration of GCSE English and Maths resits for learners with a grade D, and work experience across all curriculum areas.

The range of already high quality, specialist resources has been added to during the year, with further developments taking place for implementation in 2014/15. For example, this year saw the first phase of refurbishment at Cow Watering Campus, used for Equine courses. This refurbishment included the development of four new classrooms, a covered practical teaching space and a revised one way system to separate vehicles from animals. A second phase of this refurbishment is planned for the summer of 2013/14 which will see the remaining clock tower building refurbished for new staff accommodation, plus reception and IT facilities. Finally, release of capital resulted in the further development of animal facilities at the Titchmarsh Centre and classroom facilities at King John’s Campus

Other notable achievements for FE within 2013/14 were:

- FE Horticulture students achieved gold in the Young Gardeners of the Year competition at the Ideal Home Show 2014
- FE Agriculture students received awards for external competitions
- The Job Centre Plus Sector Based Work Academy in Horticulture (set up to train long term unemployed and aid their return to work) was expanded across Essex and to include Animal Care
- Charity events held by Equine and Animal Studies learners raised several hundreds of 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 2014 saw the College report a Historic Cost surplus of £1,799k. This was higher than for the previous year but included restructuring costs of £148k and FRS17 Pension cost adjustment of (£467k), and a past service cost gain of £713k relating to the Shuttleworth and Catering transfer. The disposal of two College properties took place during 2013/14, with cash proceeds of £615k. There is another property due to be sold with cash proceeds of approximately £250k, but this was not completed before the 31 July 2014 Balance Sheet date. The sale will now be completed during 2014/15.

The introduction of variable fees in 2012/13 impacted on that year's figures, but the position has improved in 2013/14 and the financial impact of this was largely mitigated by continued careful cost control measures. The HE undergraduate recruitment intake for 2014/15 starts is showing an increase, reflecting the assumptions in the budget.

The substantial increase in student satisfaction reported in the recent MORI-run National Student Survey – 80% for HE and 94% for FE – was very pleasing.

The Historic Cost surpluses shown in the financial forecasts for the years 2014/15 to 2016/17 are £296k, £718k and £951k respectively. The net cash from operating activities over the same period are £1,564k, £2,023k and £2,386k respectively with year-end cash balances being held at a level that represents an average of around 90 cash days.

The College plans to invest around £1.2m per annum over the next three 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 2014 was £4,287k which was £443k higher than forecast and represented a net cash inflow of £1,214k.

FE recruitment for 2014/15 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 £16m of net assets (excluding £10m pension liability) and long-term debt of £4.4m.

People

The College employs 264 people (expressed as Full-Time Equivalents), of whom 167 are academic or academic support staff.

Principal Risks and Uncertainties

The major risks faced by the College, as in previous years and common across the sector, relate to the potential impacts of Government changes in educational policy and funding regimes. These uncertainties are compounded by the demographic trends and the potential impacts of UK Visas and Immigration (UKVI) regulations on international recruitment. As a result of these uncertainties, both the HE and FE landscape is becoming increasingly competitive and subject to rapid change. The College will need to find ways to respond to these uncertainties by continuing to focus on student recruitment and increasing its operational efficiency and cost effectiveness.

The modest recovery in HE undergraduate recruitment seen for 2013/14 new starts and the increase in FE enrolments 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 three 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. This will provide the educational environment that will continue to attract students who wish to study Further and Higher Education courses at Writtle College.

Continued effective cost management that ensures value for money and supports the student experience and the consolidation of teaching quality in both FE and HE will be a key aspect 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 National Student Survey.

In April 2013, the College made an application for Taught Degree Awarding Powers (TDAP), which was accepted. The second stage of the process, the inspection stage, began in Autumn 2013 and is now complete. The College is currently awaiting a report on this process from the Quality Assurance Agency (QAA). If successful, it will put Writtle College on course to University College status.

Effective marketing of the College and its courses will continue to be key to achieving future HE and FE enrolments targets. Once recruited, students need to be retained and the incremental increase in the tariff entry points over recent years required by the College, combined with a range of interventions designed to support learners, has provided material improvements in retention rates. High retention and success rates among FE learners contributed to the College's successful Ofsted inspection in January 2014.

Monitoring Key Performance Indicators (KPIs)

Following completion of the 2010 Strategic Options Review (SOR) a set of KPIs was agreed with HEFCE against which the College reports 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.

During 2013/14 the College elected to voluntarily adopt the Annual Sustainability Assurance Report (ASSUR) methodology developed by the Financial Sustainability Strategy Group. As a result, additional financial metrics have been calculated and a suite of KPIs, which link to the College Strategic Plan, is under development. These will be trailed during 2014/15.

Estate Strategy

The College provided a revised Estate Strategy to HEFCE at the end of September 2011. The College believes that this strategy clearly described the general direction of estate developments up to 2021 and how it intends to fund those developments. During 2013/14 this document has been subject to review and updated bringing it into line with the aims and objectives of the new College Strategic Plan. Following consultation, the new Estate Strategy and Master Plan will be published during 2014/15. The Plan takes account of the current dynamic nature of the sector and identifies developments that will allow the College to better meet current and future challenges, for example, the need to invest in new curriculum areas. The plan will be subject to regular reviews and update as elements of the estate and infrastructural development are achieved. A continuous cycle of update and project planning is required to ensure that the objectives of the Plan are achieved and that funding availability is appropriately phased.



STAKEHOLDER RELATIONSHIPS

In line with other universities and colleges, Writtle College has many stakeholders. These include:

- Students
- Funding Councils
- Staff
- Local employers
- 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 these stakeholders through the College website and 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 that Equality and Diversity are central to achieving our goals, set out in the College's Strategic Plan, whilst enhancing our cultural profile and labour demographic.

The College is committed to maintaining its excellent record in teaching and learning by ensuring there is equality of opportunity for all, fostered in an environment of mutual respect and dignity. The College recognises that the promotion of equality is the concern of all of members of the College's community; all staff and students. The College is careful to ensure that due consideration is given to the potential impacts that its policies and actions have on equality and diversity. The College Equality Policy and Single Equality Action Plan are available on the College website (www.writtle.ac.uk/Equality-and-Diversity).

Disability Statement

The College works hard to ensure that disabled people are involved in all aspects of the College's work and life. The College's Single Equality Scheme is published on the College website (www.writtle.ac.uk) along with the Disability Equality Scheme and associated action plan.

The Equality and Diversity Group includes several disabled members and the Students' 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 students during their induction, together with the Complaints and Disciplinary Procedure leaflets.

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

The department endeavours to provide specialist equipment, such as radio aids/loops, which the College makes 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 Halls of Residence. The net surplus for the year (allowing for interest payments but excluding depreciation) was £426k. This compares with £350k for the previous year. In an effort to improve the performance of the College catering provision, following a full procurement and selection process, the College has out-sourced the management of its catering operations from February 2014.

STAFFING COSTS

The overall employee expenditure expressed as a percentage of the total College expenditure was 58.5% in 2013/14. In the previous year the percentage was 61.4%.

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 Principal has held a number of open All-staff meetings through the year to inform staff of the developments within the institution and the FE and HE sectors. A weekly News and Events bulletin is also published both electronically and in hard copy.

The College requires and encourages staff and student involvement in academic and College management through membership of a range of committees. During 2013/14, in consultation with colleagues, a new staff suggestion scheme has been developed that offers recognition for suggestions that improve the efficiency and quality of services the College provides to its stakeholders.

The College has a Student Charter for HE 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.



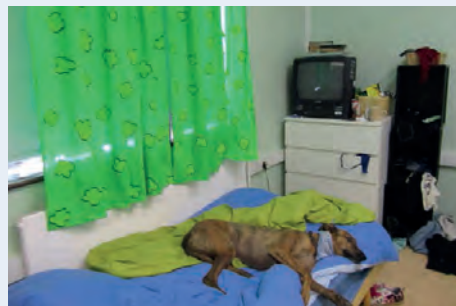


TV horticulturist Alan Titchmarsh celebrates with Writtle College graduates!

More than 430 Writtle College students graduate with their University of Essex-accredited degrees in three ceremonies at Chelmsford Cathedral.

College Patron and TV horticulturist Alan Titchmarsh MBE attends two of the ceremonies, giving graduates 30 golden rules for life including wearing deodorant every day and smiling regularly!

Alan, who became Writtle College patron in 2001, finishes his address to those at his 13th Writtle College graduation ceremony, with: "Good luck and remember when it comes to Higher Education, the only way is Essex!"



Art and Design MA student stars in a ground-breaking tour of digital art

Masters student Liz Sterry sees her art installation, Kay's Blog, toured to shopping centres around the country, reaching an audience of up to a million people.

The artwork recreates the bedroom of a Canadian teenager she has never met, giving people a creepy insight into the way we unwittingly open up our private lives on the internet every day.

AUGUST

SEPTEMBER

OCTOBER

NOVEMBER

DECEMBER

Writtle College student wins first international dressage competition

Dressage star and Writtle College student Gaby Lucas wins her first international.

Gaby - who completed a Level 3 Extended Diploma in Horse Management at the College, progressing to a degree in Equine Sports Therapy - won the junior Kur at Hickstead International on 71.55% on her horse Laurentius II.



Horticulture lecture series attracts big names!

The College announces the line-up for its popular horticulture lecture series, which this year features a renowned UK landscape designer, directors of national gardens, and a head gardener.

The popular James Hearsum Lecture Series was kicked off by renowned landscape and garden designer Anthony Paul.



Students help to celebrate 120 years of Writtle College!

The College celebrates 120 years of educational excellence in 2013 with a special photo shoot outside our iconic main building.

Further Education, degree-level, postgraduate and international students form a huge 120 to mark the historic achievement.

Established in 1893 as the County Laboratories, the College is one of the oldest and largest specialist institutions in the UK.

Highlights in our 120th year include winning Small and Specialist Students' Union of the Year in the NUS Awards and having our innovative research featured on BBC Countryfile.



Head gardener at the world-famous Stourhead reflects on his time at Writtle

Best-known for his affecting descriptions of Autumn at Stourhead on Radio 4, Alan Power credits Writtle College with setting him up for a distinguished career working on historic gardens.

Alan, Head Gardener and Estate Manager for the National Trust at Stourhead, is regularly featured on BBC Radio 4's PM show with presenter Eddie Mair, capturing the ethereal beauty of the gardens as the seasons change.

Alan, who studied a National Diploma in Amenity Horticulture at Writtle College in 1993, said: "Writtle gave me a gateway into horticulture and in turn set me up for my life ahead. My time there was fun, exciting, hard work, inspiring and varied."



New Cycling Performance Foundation degree launched at the College

The innovative course aims to provide talented competitors and aspiring coaches with the opportunity to study at Higher Education level while giving them the flexibility to continue their professional cycling aspirations at local, regional, national and international competitions.

Meanwhile, Senior Sports Lecturer Mark Walker talks about the coaching support he has been providing to European Cyclo-Cross Champion Helen Wyman for the past two seasons and emerging star Sean Dunlea for the last four seasons.



FE students celebrate success at Presentation Day!

Writtle College holds its annual presentation day for Further Education students at the end of a successful academic year.

Principal Dr Stephen Waite said: "This year, again, the overall success of students has increased with more Further Education learners than ever successfully completing their programmes of study."

"The College's success rate places it in the top 25% nationally for all subjects and in the top 10% nationally for many. This is an excellent achievement and has been formally acknowledged by Ofsted."

JANUARY

FEBRUARY

MARCH

APRIL

MAY

JUNE

JULY

Writtle College officially good!

The College celebrates after Ofsted rates us as good! The inspectors credited the achievement of FE students, with success rates increasing by 10% since the College was last inspected just over two years ago.

They praised our 'highly specialist and enthusiastic staff' for developing learners' practical and employability skills. The guidance and support offered at the College was commended for leading to high standards of conduct and social development in students.



Alumnus named Garden Designer of the Year 2014!

Alumnus Liam Sapsford is named Garden Designer of the Year at the Grand Designs Live show!

Liam, who graduated last year from Writtle College with a BSc (Hons) Landscape & Garden Design and now runs his own business in Brentwood, is given his award by designer and television presenter Kevin McCloud at the London Excel show.



Writtle College creates giant landscape artwork for the Tour de France!

The College creates a giant stylised image of a racing cyclist out of more than 300 bales of haylage in a field on its 220-hectare estate, which is filmed by the helicopters flying over the race!

Seven Year 6 pupils from nearby Writtle Junior School cycle around the artwork for a time-lapse film put together by Writtle School of Design.



College wins gold in the Young Gardeners of the Year at the Ideal Home Show 2014

A team of FE horticulture students celebrate after winning gold in the Young Gardeners of the Year competition!

The team of 14, guided by lecturers Simon Watkins and Ben Wincott, were presented with gold at the Ideal Home Show 2014.

The team had to design and construct a 5.5m by 4m sustainable garden to inspire city dwellers, which was seen by a quarter of a million people during the show in Earls Court, London.



PROFESSIONAL ADVISORS

External Auditors	KPMG LLP, 6 Lower Brook Street, Ipswich, Suffolk, IP4 1AP.
Bankers	Barclays Bank plc, 40 – 41 High Street, Chelmsford, Essex, CM1 1BE.
Internal Auditors	Scrutton Bland, Fitzroy House, Crown Street, Ipswich, Suffolk, IP1 3LG.
Solicitors	Birkett Long, Essex House, 42 Crouch Street, Colchester, Essex, CO3 3HH.
College Address	Lordship Road, Writtle, Chelmsford, Essex, CM1 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: 14/11/14



STATEMENT OF CORPORATE GOVERNANCE AND INTERNAL CONTROL

The following statement is provided to enable readers of the Financial Statements of the College, to obtain a better understanding of the governance, management and legal structure of the College.

The College is committed to exhibiting best practice in all aspects of corporate governance. The College conducts its business in accordance with the seven principles identified by the Committee on Standards in Public Life (selflessness, integrity, objectivity, accountability, openness, honesty and leadership) and with the guidance to universities which has been provided by the Committee of University Chairmen in its Guide for Members of Higher Education Governing Bodies in the UK. It also fully complies with the code for governance as set out in this guidance.

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 L Anstee	1 July 2014	1 year		Student member	
Mr S Brice	19 October 2012	4 years		Independent member	Finance & General Purposes Committee
Mr D Church	13 July 2012	4 years		Independent member	
Mrs B D'Arcy Reed	13 June 2014	4 years		Co-opted member	
Mr P Downer	23 March 2012	4 years		Co-opted member	Further Education Committee
Mr R Eveleigh	15 November 2013	4 years		Independent member	Personnel & Remuneration Committee (from June 2014)
Mrs H Fitch	19 October 2012	3 years	February 2014	Support staff member	
Mr R Gochin	23 March 2012	4 years		Non-Board member	Further Education Committee
Mr F Howie	13 June 2014	4 years		Co-opted member	
Ms P Judd	21 October 2011	4 years		Independent member	Chair of Audit Committee, Search & Governance Committee
Mr N Kirby	13 June 2014	3 years		Support staff member	
Ms J Logie	25 March 2011	4 years		Independent member	Chair of Further Education Committee
Mr J McLarty	15 July 2011	4 years		Independent member	Finance & General Purposes Committee
Mr B Morris	19 July 2013	University of Essex nomination		Co-opted member, University of Essex	Audit Committee
Mr K Moule	22 March 2013	3 years		Teaching staff member	Further Education Committee
Mr C Newenham	17 March 2009 & 22 March 2013	4 years		Independent member	Finance & General Purposes Committee
Ms L-L Olsen	10 May 2010 & 22 March 2013	2 years		Independent member	Chair of Governors, Chair of Search & Governance Committee, Finance & General Purposes Committee, Personnel & Remuneration Committee
Ms A Perera	22 March 2013	3 years		Teaching staff member	
Mr A Radford	21 October 2011 & 15 November 2013	4 years		Independent member (previously non-board member)	Audit Committee
Mrs J Smith	16 July 2010 & 13 June 2014	4 years		Independent member	Further Education Committee, Search & Governance Committee
Mr B Smyth	July 2013	1 year	July 2014	Student member	
Mr P Van Damme	16 July 2010 & 13 June 2014	4 years		Independent member	Chair of Personnel & Remuneration Committee
Dr S Waite	2 April 2013	N/A		Principal	Finance & General Purposes Committee, Personnel & Remuneration Committee, Search & Governance Committee
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 people 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 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; and Search and Governance Committee.

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 HEFCE 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

The Board of Governors carry out, annually, a performance self-assessment review. Questionnaires are 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 are collated and analysed by the Clerk, and reported to each committee and the Board of Governors during the year.

Performance against Key Performance Indicators (KPIs)

Following the SOR, which was completed and agreed in July 2010, KPIs 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); National Student Survey 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 KPIs 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, CM1 3RR.

From 2013/14, the College will be participating in the Annual Sustainability Assurance Report (ASSUR) process.



Essex Schools Food and Farming Day

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 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 2014 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:

- We meet termly to consider the plans and strategic direction of the institution
- 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
- We have requested the Audit Committee to provide oversight of risk management
- 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
- An internal system of review is in place to keep up-to-date the record of risks facing the organisation
- A programme of risk awareness training is underway
- A system of key performance and risk indicators is being developed
- A robust risk prioritisation methodology based on risk ranking and cost-benefit analysis has been established
- An organisation-wide risk register is now maintained
- 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 Senior Management Team (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 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 will 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. 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: 14/11/14



Dr S Waite
Principal
Date: 14/11/14

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 HEFCE 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 HEFCE 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: 14/11/14



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 31 July 2014 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 17 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, and to identify any information that is apparently materially incorrect based on, or materially inconsistent with, the knowledge acquired by us in the course of performing the audit. If we become aware of any apparent material mis-statements 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 31 July 2014 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

24 November 2014

INCOME AND EXPENDITURE ACCOUNT

	Notes	2014 £000	2013 £000
INCOME			
Funding Council Income	2	6,593	7,416
Academic Fees and Support Grants	3	6,448	5,776
Research Grants and Contracts	4	124	91
Other Operating Income	5	3,588	3,267
Interest Receivable	6	24	10
Total Income		16,777	16,560
EXPENDITURE			
Staff costs	8	9,597	10,225
Other operating expenses	10	5,270	4,831
Amortisation/ depreciation	13	1,052	1,098
Interest payable	11	483	501
Total Expenditure		16,402	16,655
Surplus / (Deficit) on continuing operations after depreciation of assets at valuation and before tax		375	(95)
Profit on disposal of fixed assets	7	543	1
Pension credit re disposal of Shuttleworth	34	629	-
Surplus / (Deficit) on continuing operations after depreciation of assets at valuation and disposal of assets but before tax	-	1,547	(94)
Taxation	12	-	-
Surplus/ (Deficit) for the year retained within general reserves	25	1,547	(94)

The income and expenditure account for 2014 and 2013 is in respect of continuing activities.

The notes on pages 23 to 39 form part of these financial statements

STATEMENT OF HISTORICAL COST SURPLUSES AND DEFICITS

	Notes	2014 £000	2013 £000
Surplus / (Deficit) on continuing operations before tax		1,547	(94)
Difference between a historical cost depreciation charge and the actual depreciation charge for the year calculated on the revalued amount	25	180	183
Realisation of property valuation gains of prior years	25	72	-
Historical cost surplus after tax		1,799	89

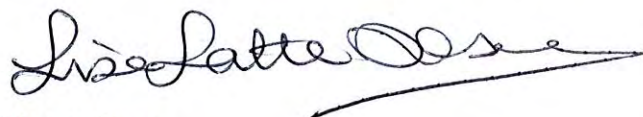
STATEMENT OF TOTAL RECOGNISED GAINS AND LOSSES

	Notes	2014 £000	2013 £000
Surplus/ (Deficit) on continuing operations after depreciation of assets at valuation and tax		1,547	(94)
Net surplus on movements in endowments	23	-	-
Actuarial (loss)/ gain in respect of pension scheme	34	(2,571)	2,652
Total recognised (loss)/ gains relating to the period		(1,024)	2,558

BALANCE SHEET AS AT 31 JULY

	Notes	2014 £000	2013 £000
Fixed assets			
Tangible assets	13	17,725	17,592
Total fixed assets		17,725	17,592
Endowment asset investments	15	3	3
Current assets			
Stock	16	314	282
Debtors	17	675	621
Assets held for resale	13	36	72
Cash at bank and in hand		4,287	3,073
Total current assets		5,312	4,048
Less: Creditors – amounts falling due within one year	18	(2,703)	(2,115)
Net current assets		2,609	1,933
Total assets less current liabilities		20,337	19,528
Less: Creditors: amounts falling due after more than one year	19	(4,293)	(4,381)
Less: Provisions for liabilities	21	-	(52)
Net assets excluding pension liability		16,044	15,095
Net pension liability	34	(10,008)	(7,904)
Net Assets Including Pension Liability		6,036	7,191
Deferred capital grants	22	3,544	3,675
Restricted Expendable Endowments	23	3	3
Income and expenditure account excluding pension reserve	25	6,777	5,445
Pension reserve	34	(10,008)	(7,904)
Income and expenditure account including pension reserve		(3,231)	(2,459)
Revaluation reserve	24	5,720	5,972
Total reserves		2,489	3,513
Total		6,036	7,191

The financial statements on pages 19 to 39 were approved and authorised for issue by the Governing Body on 14th November 2014 and were signed on its behalf on that date by:



Ms L-L Olsen
Chair of Board of Governors
Date: 14/11/14

Dr S Waite
Principal
Date:



14/11/14

CASH FLOW STATEMENT

	Notes	2014 £000	2013 £000
Cash inflow from operating activities	29	2,051	1,148
Returns on investment and servicing of finance	30	(266)	(283)
Capital expenditure and financial investment	31	(524)	(529)
Cash inflow before management of liquid resources and financing		1,261	336
Financing	32	(47)	(49)
Increase in cash		1,214	287
Reconciliation of net cash flow to movement in net debt (see Note 33)			
Increase in cash in the period		1,214	287
New Loans		(67)	(56)
Payment of debt	32	114	105
Change in net debt		1,261	336
New hire purchase agreements	32	-	-
Net debt at 1 August		(1,405)	(1,741)
Net debt as 31 July	33	(144)	(1,405)

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

1 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.

1.1 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 HEFCE in their annual Accounts Direction.

1.2 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.

1.3 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.

1.4 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.

Tuition fees represent all fees chargeable to students or their sponsors, received and receivable, which are attributable to the current accounting period net of discounts. The cost of any fees waived by the University is deducted from tuition fee income. Bursaries and scholarships are accounted for gross as expenditure and not deducted from income.

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.

1.5 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.

NOTES TO THE FINANCIAL STATEMENTS CONTINUED

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.

Where significant expenditure is incurred on tangible fixed assets it is charged to the income and expenditure account in the period it is incurred, unless it meets one of the following criteria, in which case it is capitalised and depreciated on the relevant basis:

- Market value of the fixed asset has subsequently improved
- Asset capacity increases
- Substantial improvement in the quality of output or reduction in operating costs
- Significant extension of the asset's life beyond that conferred by repairs and maintenance

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.

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 CONTINUED

	Note	2014 £000	2013 £000
2	Funding Council Grants		
	Recurrent grant – HEFCE	1,842	2,833
	Non Recurrent grant – HEFCE	58	67
	Recurrent grant – FE	4,503	4,268
	Non Recurrent grant – FE	9	64
	Release of deferred capital grants	22 181	184
		6,593	7,416
3	Academic Fees and Support Grants		
	HE		
	Full-time Student Fees	4,231	3,641
	Full-time Students charged overseas fees	827	809
	Part-time Student Fees	118	122
		5,176	4,572
	FE		
	Full-time Student Fees	86	36
	Full-time Students charged overseas fees	56	31
	Part-time Student Fees	214	124
	Short Course Student Fees	602	511
	Other Fees and Support Grants	314	502
		1,272	1,204
	Total	6,448	5,776
4	Research Grants and Contracts		
	Research grants and contracts	124	91
5	Other Operating Income		
	Catering and residence operations	2,215	2,037
	Releases from deferred capital grants	22 34	36
	Estate activities	441	266
	Other income	898	928
		3,588	3,267
6	Interest Receivable		
	Other interest receivable	24	10
7	Profit/Loss on Disposal of Fixed Assets		
	Various fixed assets have been disposed of during the year resulting in a profit of £543,000 (2013 £1,000).		

NOTES TO THE FINANCIAL STATEMENTS CONTINUED

8 Staff Costs

The average number of persons employed by the College during the year, expressed as full-time equivalents, was:

Academic	102	107
Academic support services	65	69
Support Staff	97	109
	264	285

	2014 £000	2013 £000
Staff Costs for the above persons		
Wages and salaries	7,817	8,294
Social Security costs	547	612
Other pension costs (including FRS 17 adjustments of (£31,000) – 2013 £100,000)	1,085	1,215
Staff restructuring	148	104
Total	9,597	10,225

Academic departments	5,239	5,361
Academic support services	217	233
Administration and central services	2,451	2,643
Premises	615	752
Other income generating activities	93	89
Catering and residences	520	726
Estates	314	317
Restructuring costs including pension strain	148	104
Total	9,597	10,225

Employment costs for staff on permanent contracts	8,761	9,365
Employment costs for staff on short-term and temporary contracts	688	756
Restructuring costs	148	104
Total	9,597	10,225

There were no staff excluding the Principal, who received emoluments (including taxable benefits, but excluding employers pensions contributions) in excess of £100,000 (2013 nil).

9 Principals' Emoluments

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
- Incoming Aug 2013 – July 2014 (prior year April – July 2013)	110	36

Benefit in kind		
- Outgoing August 2012 – March 2013	-	2
- Incoming Aug 2013 – July 2014 (prior year April – July 2013)	4	1

Pension contributions of the Principal paid at the same rate as for other academic staff

- Outgoing August 2012 – March 2013	-	11
- Incoming Aug 2013 – July 2014 (prior year April – July 2013)	15	5

Total	129	130
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NOTES TO THE FINANCIAL STATEMENTS CONTINUED

	2014 £000	2013 £000
10 Other Operating Expenses		
Residences, Catering and Conferences Operating Expenses	960	725
Consumables and Laboratory Expenditure	189	204
Books and Periodicals	219	222
Heat, Light, Water and Power	508	495
Repairs and General Maintenance	240	202
Grants to Students' Union	15	1
Rents and Rates	65	62
Auditor's Remuneration		
Financial Statements Auditor		
Financial Statements audit	32	27
Other services provided by the financial statements auditor	-	-
Internal Auditor		
Internal audit	27	27
Other audit services provided by internal auditor	-	-
Equipment Operating Lease Rentals	38	38
Cleaning Costs	274	258
Computer Costs - Licences & Maintenance Agreements	229	204
Examination Fees	239	216
Printing Costs	162	194
Scholarships	245	291
Insurances	173	176
Professional & Consultancy	262	175
Marketing	182	243
Transport	91	99
Other Expenses	673	615
Estate Activities	447	357
Total	5,270	4,831
Reimbursements to 1 trustee for expenditure incurred in attending trustee meetings amounted to £436 (2013 £308, 2 trustees)		
The trustees did not receive any remuneration from the charity.		
11 Interest Payable		
On bank loans, overdrafts and other loans:		
Repayable wholly or partly in more than 5 years	290	293
Pension finance costs (note 34)	193	208
Total	483	501

NOTES TO THE FINANCIAL STATEMENTS CONTINUED

12 Taxation

UK Corporation Tax

- -

The standard rate of tax for the year, based on the UK standard rate of corporation tax is 22.3% (2013 – 23.70%).

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.

13 Tangible Fixed Assets

	Freehold Land and Buildings £000	Equipment £000	Assets Under Construction £000	Total £000
Cost or valuation				
At 1 August 2013	24,547	6,601	40	31,188
Additions at cost	60	596	567	1,223
Transfer to assets	-	-	-	-
Transferred to assets held for resale	36	-	-	36
Disposals	(120)	(97)	-	(217)
At 31 July 2014	24,523	7,100	607	32,230
Depreciation				
At 1 August 2013	8,271	5,325	-	13,596
Charge for the year	569	483	-	1,052
Eliminated in respect of disposals	(49)	(94)	-	(143)
At 31 July 2014	8,791	5,714	-	14,505
Net book value at 31 July 2014	15,732	1,386	607	17,725
Net book value at 31 July 2013	16,276	1,276	40	17,592

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 (2013: £809,960).

All assets were re-valued in 1993 by Essex County Council Property Services.

The depreciation charge for the year is analysed as follows:

Owned assets	1,050	947
Assets held under hire purchase obligations	2	82
Total	1,052	1,029

Equipment with a net book value of nil is held under hire purchase agreements (2013 - £2,000)

NOTES TO THE FINANCIAL STATEMENTS CONTINUED

	Note	2014 £000	2013 £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.		
15	Endowment Asset Investments		
	Balance at 1 August 2013	3	4
	Transfer from Income & Expenditure account	23	(1)
	Balance at 31 July 2014	3	3
16	Stock		
	Livestock	155	133
	Consumables	159	149
	Total	314	282
17	Debtors		
	Amounts falling due within one year:		
	Trade debtors	274	225
	Other debtors	-	1
	Amounts due from funding bodies	22	-
	Prepayments and accrued income	379	395
	Total	675	621
18	Creditors: Amounts falling due within one year		
	Bank loans and overdrafts	140	114
	Payments received on account	444	286
	Trade creditors	1,516	1,198
	Other creditors	157	157
	Other taxation and social security	183	214
	Amounts due to funding bodies	37	75
	Accruals	226	76
	Total	2,703	2,120
19	Creditors: Amounts falling due after more than one year		
	Bank loans	4,182	4,265
	Other loans	108	100
	Pensions and similar obligations	3	11
	Total	4,293	4,376

NOTES TO THE FINANCIAL STATEMENTS CONTINUED

	2014 £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	82	77
Between one and two years	86	82
Between two and five years	288	273
In five years or more	3,808	3,910
Total	4,264	4,342

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 an 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	58	31
Between one and two years	49	45
Between two and five years	59	55
In five years or more	-	-
Total	166	137

The College has taken a HEFCE Green fund loan for £66k; this is an interest free loan and repayable over 4 years, payable in quarterly instalments. The College has 5 Salix loans detailed below:

Amount	Start Date	Finish Date
£56,329	March 2012	March 2016
£52,887	March 2012	March 2016
£15,106	March 2012	March 2016
£21,555	March 2014	March 2016
£34,740	March 2014	March 2016

21 Provision for Liabilities

	Restructuring £000
As at 1 August 2013	52
Transferred to income and expenditure account	(52)
Transferred from income and expenditure account	-
At 31 July 2014	-

NOTES TO THE FINANCIAL STATEMENTS CONTINUED

22 Deferred Capital Grants

	Funding Councils £000	Other Grants £000	Total £000
As at 1 August 2013			
Land and buildings	2,808	750	3,558
Equipment	113	4	117
Total	2,921	754	3,675
Cash received			
Land and buildings	-	-	-
Equipment	84	-	84
Total	84	-	84
Released to income and expenditure account			
Land and buildings	(101)	(32)	(133)
Equipment	(80)	(2)	(82)
Total	(181)	(34)	(215)
As at 31 July 2014			
Land and buildings	2,707	718	3,425
Equipment	117	2	119
Total	2,824	720	3,544
23 Restricted Expendable Endowments			
As at 1 August 2013		3	4
Transfer from Income and Expenditure account		-	(1)
As at 31 July 2014		3	3
24 Revaluation Reserve			
As at 1 August 2013		5,972	6,155
Transfer from revaluation reserve to income and expenditure account		(180)	(183)
Gain realised on disposal of property transferred to income and expenditure account.		(72)	-
As at 31 July 2014		5,720	5,972

NOTES TO THE FINANCIAL STATEMENTS CONTINUED

	Note	2014 £000	2013 £000
25	Income and Expenditure Account		
	As at 1 August 2013	(2,459)	(5,200)
	Transfer from revaluation reserve to income and expenditure account	180	183
	Actuarial (loss) / gain in respect of pension scheme	(2,571)	2,652
	Surplus / (deficit) on continuing operations after depreciation of assets at valuation and tax	1,547	(94)
	Transfer to income and expenditure reserves in respect of realised gains	72	-
	As at 31 July 2014	(3,231)	(2,459)
	Balance represented by Pension Reserve	(10,008)	(7,904)
	Income and Expenditure reserve excluding Pension Reserve	6,777	5,445
	As at 31 July 2014	(3,231)	(2,459)
26	Financial Commitments		
	At 31 July 2014 the College had annual commitments under non-cancellable operating leases for equipment as follows:		
	Expiring within one year	2	3
	Expiring between two and five years inclusive	34	34
	Total	36	37
27	Capital Commitments		
	Commitments contracted for at 31 July 2014	186	224
		186	224
28	Post Balance Sheet Events		
	There are no material post balance sheet events to report.		
29	Reconciliation of Operating Surplus/ (Deficit) to Net Cash Inflow from Operating Activities		
	Surplus / (Deficit) on continuing operations after depreciation of assets at valuation and tax	1,547	(94)
	Depreciation (note 13)	1,052	1,098
	Deferred capital grants released to income (note 22)	(215)	(220)
	Profit on disposal of tangible fixed assets	(543)	(1)
	(Increase) in stocks	(32)	(120)
	Interest payable (note 11)	483	501
	Pension costs less contributions payable (note 8, 34)	(660)	100
	(Increase) in debtors	(54)	(134)
	Increase / (Decrease) in creditors	549	(3)
	(Decrease) / Increase in provisions	(52)	31
	(Decrease) / Interest receivable (note 6)	(24)	(10)
	Net cash inflow from operating activities	2,051	1,148

NOTES TO THE FINANCIAL STATEMENTS CONTINUED

		2014 £000	2013 £000		
30	Returns on Investments and Servicing of Finance				
	Other Interest Received (note 6)	24	10		
	Interest Paid (note 11)	(290)	(293)		
	Net cash outflow from returns on investment and servicing of finance	(266)	(283)		
31	Capital Expenditure and Financial Investment				
	Tangible Assets Acquired	(1,223)	(680)		
	Receipts from Disposal of Tangible Assets	615	1		
	Deferred Capital Grants Received (note 22)	84	50		
	Disposal of Activities at Shuttleworth College	-	100		
	Net cash outflow from capital expenditure and financial investment	(524)	(529)		
32	Financing				
	New Loans	67	56		
	Repayment of long term loans	(114)	(103)		
	Capital elements of finance lease payment	-	(2)		
	Net cash flow from Financing	(47)	(49)		
33	Analysis of Changes in Net Debt				
		At 1 August 2013 £000	Cash Flows £000	Non Cash Movement £000	At 31 July 2014 £000
	Cash at Bank and in Hand	-	-	-	-
	Overdraft	-	-	-	-
	Other	3,073	1,214	-	4,287
		3,073	1,214	-	4,287
	Debt due within one year	(108)	47	(79)	(140)
	Debt due after one year	(4,370)	-	79	(4,291)
	Net debt	(1,405)	1,261	-	(144)
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 2014 £000	Year ended 31 July 2013 £000	
	Teachers' Pension Scheme: contributions paid		508	503	
	Local Government Pension Scheme: contributions paid		608	612	
	FRS charge / (credit)		(31)	100	
			1,085	1,215	
	Exceptional pension charge re transfer of Shuttleworth		(629)	-	
	Total Pension Costs for Year		456	1,215	

NOTES TO THE FINANCIAL STATEMENTS CONTINUED

The pension costs are assessed in accordance with the advice of independent qualified actuaries. The latest formal actuarial valuation of the TPS was 31 March 2012 and the LGPS 31 March 2013.

Teachers' Pension Scheme

The Teachers' Pension Scheme (TPS) is a statutory, contributory, defined benefit scheme, governed by the Teachers' Pensions Regulations 2010, and, from 1 April 2014, by the Teachers' Pension Scheme Regulations 2014. These regulations apply to teachers in schools and other educational establishments, including academies, in England and Wales that are maintained by local authorities. In addition, teachers in many independent and voluntary-aided schools and teachers and lecturers in some establishments of further and higher education may be eligible for membership. Membership is automatic for full-time teachers and lecturers and, from 1 January 2007, automatic too for teachers and lecturers in part-time employment following appointment or a change of contract. Teachers and lecturers are able to opt out of the TPS.

The Teachers' Pension Budgeting And Valuation Account

Although members may be employed by various bodies, their retirement and other pension benefits are set out in regulations made under the Superannuation Act 1972 and are paid by public funds provided by Parliament. The TPS is an unfunded scheme and members contribute on a 'pay as you go' basis – these contributions, along with those made by employers, are credited to the Exchequer under arrangements governed by the above Act.

The Teachers' Pensions Regulations 2010 require an annual account, the Teachers' Pension Budgeting and Valuation Account, to be kept of receipts and expenditure (including the cost of pension increases). From 1 April 2001, the Account has been credited with a real rate of return, which is equivalent to assuming that the balance in the Account is invested in notional investments that produce that real rate of return.

Valuation Of The Teachers' Pension Scheme

The latest actuarial review of the TPS was carried out as at 31 March 2012 and in accordance with The Public Service Pensions (Valuations and Employer Cost Cap) Directions 2014. The valuation report was published by the Department for Education (the Department) on 9 June 2014. The key results of the valuation and the subsequent consultation are:

- employer contribution rates were set at 16.48% of pensionable pay (including a 0.08% levy for administration);
- total scheme liabilities for service to the effective date of £191.5 billion, and notional assets of £176.6 billion, giving a notional past service deficit of £14.9 billion;
- an employer cost cap of 10.9% of pensionable pay will be applied to future valuations

The new employer contribution rate for the TPS will be implemented in September 2015.

A full copy of the valuation report and supporting documentation can be found on the Teachers' Pension Scheme website at the following location:

<https://www.teacherspensions.co.uk/news/employers/2014/06/publication-of-the-valuation-report.aspx>

Scheme Changes

Following the Hutton report in March 2011 and the subsequent consultations with trade unions and other representative bodies on reform of the TPS, the Department published a Proposed Final Agreement, setting out the design for a reformed TPS to be implemented from 1 April 2015.

The key provisions of the reformed scheme include: a pension based on career average earnings; an accrual rate of 1/57th; and a Normal Pension Age equal to State Pension Age, but with options to enable members to retire earlier or later than their Normal Pension Age. Importantly, pension benefits built up before 1 April 2015 will be fully protected.

In addition, the Proposed Final Agreement includes a Government commitment that those within 10 years of Normal Pension Age on 1 April 2012 will see no change to the age at which they can retire, and no decrease in the amount of pension they receive when they retire. There will also be further transitional protection, tapered over a three and a half year period, for people who would fall up to three and a half years outside of the 10 year protection.

Regulations giving effect to a reformed Teachers' Pension Scheme came into force on 1 April 2014 and the reformed scheme will commence on 1 April 2015.

The pension costs paid to TPS in the year amounted to £508,000 (2013 £503,000).

NOTES TO THE FINANCIAL STATEMENTS CONTINUED

FRS 17

Under the definitions set out in Financial Reporting Standard (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 taken advantage of the exemption in FRS17 and has accounted for its contributions to the scheme as if it were a defined-contribution scheme. The College has set out above the information available on 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 contributions made for the year ended 31 July 2014 were £633,000 of which employer's contributions totalled £409,000 and employees' contributions totalled £224,000. The agreed contribution rates for future years are set at 12.8% for employers and banded rates of 5.5% – 12.5% for employees. In addition an employer's annual contribution of £199,201 (2013 – £210,633) 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 update to 31 July 2014 by a qualified independent actuary

Principal Actuarial Assumptions	Year ended 31 July 2014	Year ended 31 July 2013
Rate of RPI inflation	3.5%	3.3%
Rate of CPI inflation	2.7%	2.5%
Rate of increase in salaries	4.5%	4.3%
Rate of increase for pensions in payment/inflation	2.7%	2.5%
Discount rate for liabilities	4.2%	4.7%
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	25.1	25.3

Retiring in 20 years:

Males	24.9	24.2
Females	27.4	26.9

NOTES TO THE FINANCIAL STATEMENTS CONTINUED

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 2014 £000	Fair Value at 31 July 2014 £000	Long Term rate of return expected at 31 July 2013 £000	Fair Value at 31 July 2013 £000
Equities	6.5%	10,721	6.5%	11,907
Government Bonds	3.4%	1,028	3.4%	1,443
Other Bonds	4.0%	1,783	4.3%	1,443
Property	5.5%	1,926	5.5%	1,984
Cash/Liquidity	3.2%	474	0.5%	541
Other	4.0%	639	4.3%	722
Total market value of assets		16,571		18,040
Actuarial value of scheme liabilities		(26,579)		(25,944)
Deficit in the scheme – Net pension liability		(10,008)		(7,904)

	31 July 2014 £000	31 July 2013 £000
Analysis of amounts charged to income and expenditure account:		
Employer's service cost (net of contributions)	(681)	(743)
Curtailment costs	(713)	-
Total operating charge	(1,394)	(743)

Analysis of pension finance costs:

Expected return on pension scheme assets	1,005	777
Interest on pension scheme liabilities	(1,198)	(985)
Pension finance costs	(193)	(208)

Amount recognised in the statement of total recognised gains and losses (STRGL)

Actuarial (loss) / gains on pension scheme assets	(903)	2,150
Actuarial (loss) / gains on pension scheme liabilities	(1,668)	502
Actuarial (loss)/ gain recognised in STRGL	(2,571)	2,652

Movement in deficit in the year:

Deficit in the scheme at 1 August	(7,904)	(10,248)
Current employer service costs	(681)	(743)
Employer contributions	628	643
Curtailment or settlements	713	-
Net interest	(193)	(208)
Actuarial (loss) / gain	(2,571)	2,652
Deficit in scheme at 31 July	(10,008)	(7,904)

NOTES TO THE FINANCIAL STATEMENTS CONTINUED

	31 July 2014 £000	31 July 2013 £000
Reconciliation of Liabilities		
Liabilities at start of period	25,944	25,030
Current Service cost	681	743
Interest cost on pension liabilities	1,198	985
Employee contributions	224	232
Actuarial gains / (loss)	1,668	(502)
Benefits paid	(1,138)	(544)
Past service gain	-	-
Curtailments and settlements	5	-
Liabilities (extinguished) / assumed on settlements	(2,003)	-
Liabilities at end of period	26,579	25,944

Reconciliation of Assets		
Assets at start of period	18,040	14,782
Expected return on assets	1,005	777
Actuarial (loss) / gain	(903)	2,150
Employer contributions	628	643
Employee contributions	224	232
Benefits paid	(1,138)	(544)
Settlements prices (paid) / received	(1,285)	-
Assets at end of period	16,571	18,040

The estimated value of employer contributions for the year to 31 July 2015 is £626,000 (2014 £612,000)

As part of the disposal of the Shuttleworth campus in 2009 the College transferred around 30 staff under TUPE arrangements to Bedford College. The underlying pension rights and liabilities were also transferred to the Bedford College LGPS. The Actuary accessed the valuation of the resulting settlement and the impact has reduced the pensions charge by £629k.

Deficit contributions

The College has entered into an agreement with the LGPS to make additional contributions of £176,000 from 1 April 2014 per annum in addition to normal funding levels until the next full valuation at which point the situation will be reviewed again.

History of experience of gains and losses	At 31 July 2014	At 31 July 2013	At 31 July 2012	At 31 July 2011	At 31 July 2010
Difference between the expected and actual return on scheme assets:					
Amount £000	(903)	2,150	(772)	49	1,156
Experience losses on scheme liabilities					
Amount £000	-	-	(2)	18	-
Total amount recognised in the statement of total recognised gains and losses:					
Amount £000	(2,571)	2,652	(2,690)	245	962

NOTES TO THE FINANCIAL STATEMENTS CONTINUED

	31 July 2014 £000	31 July 2013 £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	(21)	(24)
Audit Fees	-	-
To be returned to Funding Council	-	-
Balance at 31 July 2014	3	-

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 is £2,481 in unspent funds to be carried forward to 2013/14 (2012/13 – £353).

	Consolidated 2014 £000	College 2013 £000
36 Learner Support Funds		
Funding Council Grants	314	357
Contribution to Staff Administration	(15)	(18)
Interest Earned	-	-
	299	339
Balance unspent and brought forward	7	-
Disbursement to Students	(158)	(137)
To be refunded / (returned) by / (to) Funding Council	(142)	(195)
Balance Unspent at 31 July 2014	6	7

There is £6,000 unspent funds to be carried forward to 2014/2015 (2013/2014 – £7,000)

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

Due to the nature of the College's operations and the composition of the Board of Governors (being drawn from public and private sector organisations), it is inevitable that transactions will take place with organisations in which a member of the Board of Governors may have an interest. All transactions involving organisations in which a member of the Board of Governors may have an interest are conducted at arm's length and in accordance with the College's financial regulations and normal procurement procedures.

Mr J McLarty, a Board member is a partner with Strutt and Parker, who were commissioned by the College to provide a property valuation costing £11k.

Mr B Morris is a member of senior staff at University of Essex, the degree awarding body for HE provision at Writtle College. The income for the year amounted to £220k, expenditure £166k and the balance at the end of the year £2k.



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