



Report & Financial Statements

for the year ended 31 July 2008

westsuffolk.ac.uk

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WEST SUFFOLK COLLEGE OPERATING AND FINANCIAL REVIEW

OBJECTIVES AND STRATEGIES

The members present their report and the audited financial statement for the year to 31 July 2008.

Legal Status

The Corporation was established under the Further and Higher Education Act 1992 for the purposes of conducting West Suffolk College. The College is an exempt charity for the purposes of the Charities Act 1993.

Mission

The primary purpose of West Suffolk College is to provide excellent education and training which develops skills that contribute to the success of the individual and the economy.

The College vision is to be recognised locally and nationally as an outstanding College.

Strategic Objectives

The College has four strategic objectives:

- To promote and deliver an appropriate range of learning opportunities to meet our mission.
- To continuously improve the quality of all activities and be recognised as an Outstanding College by our stakeholders and customers.
- To attract, develop and retain a high performing and existing workforce.
- To deliver a strong and consistent financial performance in a well resourced and safe environment.

Strategic Plan

In July 2006 the College adopted a strategic plan for the period August 2006 to July 2009. This is reviewed annually and published as an operational plan for the coming year and any longer term targets are updated. The Governors have approved an operational plan relating to 2007/08 in July 2007.

Within the strategic plan, objectives are set to deliver the College mission and to achieve targets set nationally by DFES and the Learning and Skills Council. In particular the College is addressing the following national priorities:

- ensuring all 14-19 year olds have access to high quality, relevant learning opportunities

- making learning truly demand led
- transforming the learning and skills sector through “agenda for change”

In addition, the College seeks to address the proposals in the DFES white paper, “raising skills, improving life chances”, by:

- increasing specialisation
- building on co-programmes
- meeting the needs of employers and learners through the Train to Gain initiative
- standardisation of professional qualifications

Achievement of Objectives

The College has had a very successful year and is working towards or has achieved many of its objectives, in particular to promote and deliver an appropriate range of learning opportunities to meet our mission

The College has worked with 17 local High Schools in partnership to deliver 14-16 programmes. During the year there were over 650 students on these programmes, which have provided vocational skills and progression routes for many.

Over 650 employers are working with the College to provide apprenticeship training for 760 16-19 year old students during the year which has delivered very high achievement rates, well above national benchmarks – 72% overall for 2007/08.

The Skills for Life Programme

The College has expanded the Skills for Life offer increasing the number of qualifications delivered particularly off site on employers’ premises. A total of 1,736 Skills for Life qualifications were delivered in 2007/08.

A significant contribution has been made to the region’s workforce development strategy by providing a subsidised full level 2 and 3 provision with over 2,780 students participating during the year. The College has worked with a large number of employers to identify the training requirements and offered a full range of flexible cost provision designed to meet their needs.

There have been successful bids for and delivery of funded projects to benefit the local economy and community to the value of over £3m during the year.

The College has taken the lead as consortium partner in a pilot Train to Gain programme, working with over 1,200 students and generating over a £1m of funding.

The College has continued to promote its own CoVE in Management studies and also works closely with other colleges in partnerships for Health studies and Construction CoVEs.

The College has a large adult education programme, although as with most providers this has seen some decline in recent years. Nevertheless, the College still

runs courses throughout Suffolk through six local learning centres, several of which have been refurbished and re-launched during the year.

The College embarked on its first year as part of the University Campus Suffolk project during 2007/08. This saw very successful enrolments in the first year and despite some initial teething problems with administration the programme has been very successful and promises to enrol even more students in 2008/09.

The Every Child Matters agenda has been embraced and embedded in College procedures and is promoted widely within the College.

Continuous Improved Quality of all Activities

Following an Outstanding Ofsted inspection in 2006 the College was awarded Beacon status in 2007. Despite the reliance on very high success rates to be given this very prestigious award, the College has continued to improve success rates not just in FE provision but also in Work Based Learning and Apprenticeships. The College has achieved this improvement by not only employing and supporting excellent staff, but also by providing additional support for students through training learning systems and the use of a wide range of learning materials and methods. The College has excellent facilities to deliver e-learning and increasingly staff and students are making more use of e-learning, primarily to support traditional delivery and enhance traditional teaching methods.

The College has an active network of student councils and works closely with the employers through its Work Based Learning network. This enables the College to understand the needs and expectations of both students and employers. The College also has an effective communication network with parents through Parents Evenings and letters to ensure that they are aware of students' progress and have the opportunity to voice their opinions. All of this contributes to the ability to support students to achieve or exceed national benchmarks.

In addition to the Beacon status awarded in 2007, the College has pursued a number of other quality kite marks to demonstrate, particularly to employers, that it is a high quality provider of educational services. The College has maintained its membership of Investors in People and was re-assessed in 2007, despite the fact that the College has exceeded the requirements of IIP substantially for many years it is still necessary to retain this kite mark. The College has also achieved Customer First status to demonstrate its commitment to customer service and more recently was one of the first colleges in the country to achieve the Training Quality Standard (TQS).

One of the key features that have enabled the College to achieve Outstanding status with Ofsted is its robust self assessment process. This has been in place for many years and has been enhanced on an annual basis. The success of this SAR is based on the commitment of managers throughout the College to comply with a standardised system of self assessment, which is reported and reviewed against a strict timetable. Every self assessment review is attended by the appropriate Senior Manager and the Principal and the overall results are consolidated into a College wide self assessment report. This gives absolute transparency for Governors and external Stakeholders regarding individual areas of the College and their strengths and weaknesses and enables management to address areas for improvement and weaknesses for the future.

The College actively seeks to benchmark itself against other institutions and against national standards. In a rapidly changing environment this is not always straight forward but the College has satisfied itself that it is progressing well in terms of national standards and also its own desire to constantly improve.

The College has been very successful in promoting itself and maximising the opportunities from its Outstanding accreditation and Beacon status. In addition the College celebrates the success of students through very high profile annual award ceremonies and regular press coverage.

Attract, Develop and Retain a High Performing and Effective Workforce

The College seeks to employ a first class workforce enabling it to deliver its mission and vision. In addition to the Investors in People standard, which reflects the College's commitment to training, the College was recognised by the Sunday Times 100 Best Employers award in 2007. The College has a good relationship with both the teacher and non-teacher unions and has a competitive salary scale. Whilst seeking to employ the best staff it also has fair and effective recruitment and promotion procedures, which promote equality of opportunity and diversity and a job evaluation scheme was established to ensure equal pay for equal work during the last year. The College seeks to promote the many benefits of working for an educational establishment and in particular West Suffolk College to support its desire for attracting and retaining high quality staff. The College has developed the potential of its staff to enable them to contribute fully to the growth of the College through a number of training programmes, in particular an aspiring managers programme to identify and develop the leaders of the future and through a range of management programmes, to enable particularly new managers but also existing managers, to enhance their skills to enable them to be more effective and feel more confident in delivering the aspirations of the College.

In addition the College is the lead provider for teacher training in Suffolk and has a large and successful programme, which has benefitted both the College staff and external stake holders throughout the year.

The College has effective communication strategies through a weekly in house magazine "Briefs" and a staff intranet based on Microsoft SharePoint. The College has a well established strategic and operational planning process with effective feedback and publication of strategic and operational objectives to all staff.

The College value statement RSVP&P is widely promoted and is displayed prominently in all teaching and staff rooms.

Deliver a Strong and Consistent Financial Performance

The College continues to grow its income and control costs and therefore generate a growing surplus. The College has been in financial health category A for four years and remains so during the current year. During the future build period this may be challenged in the short term but the College projects it will quickly return to financial health Category A.

The College has an effective course costing system which ensures that there is a clear understanding of financial viability of individual areas and the College is confident that all areas of provision are financially viable in their own right.

Although the College fee income is above the minimum levels prescribed by the LSC there is continuing pressure on the College's ability to derive fees, particularly from employers, from government initiatives to provide free level 2 and level 3 courses. With the introduction of Train to Gain this downward trend of fee income is expected to continue.

The College has continued to generate cash in excess of its 10 year financial plan. It is hoped that the College will have been able to commence implementation of its accommodation strategy by the second quarter of 2009 and therefore, the cash and other reserves which have been accumulated in recent years, will be committed to this investment.

The College has fully implemented the provisions of FRS17, although the Corporation remains concerned about the impact of FRS 17 on the future finances of the College.

The Corporation is not persuaded that the principle upon which FRS 17 is based is capable of providing an accurate or equitable method to enable determination of the value of a pension scheme. The basis of valuation used by FRS 17 relies on an actuarial assessment which is based on assumptions which in the medium to long term may prove to be unreliable.

Notwithstanding the desire to undertake a substantial new build the College has continued to maintain its existing buildings to a high standard of decoration and repair, this is seen as an essential contributor to continuing to attract and retain students, particularly adult students and HE students.

The College continues to maintain a healthy and safe environment for its staff and students and there have been no significant concerns in the last year. The College is in close communication with the Learning Skills Council and if any areas of concern do arise these will be communicated to the LSC.

The College has been very successful in attracting a wide range of project and partnership funded areas of provision throughout the year. These range from teacher training to capacity building, centres of vocational excellence and specific initiatives to deliver the LSC and the government priorities.

The College has contributed to the LSC estates performance monitoring programme and monitored the College's financial performance against LSC norms and its own end of year financial forecast.

Performance Indicators

The College Strategic Plan for 2006-09 includes targets for FE success rates for the three year period. In general terms College current achievement for success rates significantly exceeds national benchmarks but the targets set within the Strategic Plan seek year on year improvement in existing levels of achievement.

This target setting for three years also extends to workbased learning apprenticeships and higher education.

The College has established targets in the Strategic Plan for learner number volumes for the three year period which is analysed by key priority area and age cohort.

The College has also set targets for achievements of professional qualifications by teachers and currently 83% of teachers are qualified and it is intended that all full-time teachers should hold a qualification by 2010. Part-time teachers are currently at 75% with a target of 100% by 2010.

The College has not set a performance indicator for employer engagement but it does monitor this area through a number of associated indicators. The College monitors the number of employers with which it works as well as the number of apprentices on approved training schemes. The College has achieved a Quest Quality Kitemark in relation to Customer Service and also monitors closely fee income in relation to full cost courses and LSC funded courses.

The College has participated in the pilot Framework for Excellence programme and has achieved an Outstanding rating for the first year.

The College has played a full role in the national pilot for Framework for Excellence. It had regular representation at regional and national events regarding all the measures. It has included F4E criteria in its 2007/08 Self Assessment process, at course, school, faculty and College level.

Although not published to the public, the College's grades in the pilot phase were:

Overall grade :	Outstanding
Responsiveness :	Outstanding [the College holds the new Training Quality Standard, part A and B, and hence automatically met the Outstanding criteria for Employer Responsiveness]
Effectiveness :	Outstanding
Finance :	Good

Current and Future Developments and Performance

The College has achieved enrolments of 20,211 during 2007/08 and this has generated LSC recurrent funding of £13,185,722 (2006/07 £11,820,747). The College has 7,037 students core funded by the LSC and 13,174 non-LSC funded students.

Curriculum Developments

Significant curriculum development has taken place. Higher Education developments include new Foundation Degrees in Music Technology and Fine Art, a bespoke Foundation Degree in Construction for RG Carters and new Teacher Training qualifications. The latter were successfully inspected by Ofsted, as part of their inspection of University Campus Suffolk Initial Teacher Training programmes. 2007/08 was the first 'full' year of the UCS partnership. Over 100 graduates received their UCS degrees on completion of their years' studies. There was considerable expansion of FE provision, especially in such challenging areas as Princes Trust and E2E provision. New provision was developed in Fenestration, Painting and Decorating and Electrical Installation, much in response to employer demand.

The College piloted Functional Skills and progression pathways as part of the FLT pilot. School links programmes continued to expand with over 170 Young Apprenticeships in place. The College was part of 3 successful Gateway 2 Diploma submissions and was instrumental in the formation of the West Suffolk consortium, embracing 5 smaller 'locality partnerships'. It played a key role in the successful submission to the LSC's Thetford 16 to 18 competition. It has committed to being a founder member in three School trust developments. Success rates continued to be in the top 10% in England and sharing of its good practice, facilitated by the QIA, involved 12 other providers. The College took part in a very successful Peer Review pilot, preparing the way for Self Regulation, with Barnfield College, City College Norwich and West Hertfordshire College.

Resources

The College is very well resourced to provide teaching and learning for students and to achieve its strategic objectives. Buildings are well maintained and well decorated, although they are considered not fit for purpose into the future, they adequately provide for immediate student needs. Within the buildings the College has extensive IT facilities with electronic white boards in every classroom and over 1500 computers available for staff and students. The College has high quality furniture which is appropriate to the needs of the students and resources in workshops are of a high standard and well maintained.

The College has met the rapid increase in demand for construction training by taking short leases on additional premises and has established state of the art workshops for carpentry, building services (plumbing and electrical) and construction. During the year the College has been continuing to pursue implementation of the accommodation strategy and submitted an application in principle for campus redevelopment valued at £68.5m in April 2008. This application was based on the stage C designs and the College has continued to take design to stage D, which was completed at the end of August. At the same time the College has invested

£695,849 to date in the construction of a new access road and car park to the north of the site.

On the 5 November 2008, the LSC gave approval in principle for the College's redevelopment project for a total approved spend of £68.5m with an LSC capital grant of 74% of eligible project costs. As part of the project a number of buildings will be demolished and as a result a full impairment review will be carried out during 2008-09.

Principal Risks and Uncertainties

The College has a well established risk management system which is well embedded in the procedures and policies of the College. The College considers itself fully compliant with the requirements of the Combined Code and this has been confirmed by internal audit on a regular basis in recent years. The College's risk management group meets on a termly basis to consider and update the risk register and to identify any emerging risks. The groups findings are reported to governors in terms of the top ten risks, together with action plans to mitigate the impact on the College. The College risk register is published annually in hard copy format but is also maintained on the College staff intranet. The College is currently considering the recommendations of an internal audit report to enhance the risk register further by focussing the commentary of the risks and to modify the scoring system to focus on those risks with a higher likelihood. The College has run a number of risk management training programmes in recent years and an update for new managers is proposed for early 2008/09. The risk register was updated in July 2008 and published to governors, the principal risks included in that are:

- Changes to LSC funding methodologies and government funding.
- Attracting and retaining appropriate staff particularly with continued growth at the College.
- Extension of Work Based Learning programme.
- Introduction of Train to Gain Programme and changes to Employer Responsiveness funding require the implementation of new controls and may well have an effect on funding, which is not yet anticipated.
- The College has a heavy reliance on IT systems and the reliability of these and the knowledge invested in specific staff is a key risk. It also poses a significant responsibility on the College to maintain high quality equipment to both ensure reliability and also provide an up to date environment for students and staff.
- A large part of the College's success is maintaining high quality staff, the College is conscious of the age profile of its staff and the difficulty in attracting new staff to a rural area with high property prices.
- The College will be undertaking a major build in the near future and the inherent risks in a building together with the funding risks are seen as a significant concern in the coming year.

The full details of the College risk register and the existing controls and proposed extensions to controls to mitigate risks are detailed in the College's risk register.

Stakeholders and Relationships

In line with other colleges, West Suffolk College has many stakeholders. In addition to students and staff and the funding councils, local stakeholders include:

- Suffolk County Council
- St Edmundsbury Borough Council
- Forest Heath Borough Council
- Mid Suffolk District Council
- East of England Development Agency
- Employers
- Schools

The College recognises the importance of these relationships and has an effective and efficient means of communication with its stakeholders.

Equal Opportunities for Disabled Persons

West Suffolk College is committed to ensuring equality of opportunity for all who learn and work here. We respect and value positively differences in race, gender, sexual orientation, ability, class and age. We strive vigorously to remove conditions which place people at a disadvantage and we will actively combat bigotry. This policy will be resourced, implemented and monitored on a planned basis.

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

Disability Statement

The College seeks to achieve the objectives set down in the Disability Discrimination Act 1995 as amended by the Special Education Needs and Disability Act 2001.

- a) As part of its accommodation strategy the College has improved access and has made the campus DDA compliant where possible.
- b) The College has appointed an Access Co-ordinator, who provides information, advice and arranges support where necessary for students with disabilities.
- c) The College has specialist equipment, such as hearing loops, which the College can make available for use by students and a range of assistive technology is available on request.

- d) The admissions policy for all students is described in the College charter. Appeals against a decision not to offer a place are dealt with under the complaints policy.
- e) The College has made a significant investment in the appointment of specialist lecturers to support students with learning difficulties and/or disabilities. There are a number of student support assistants who can provide a variety of support for learning. There is a continuing programme of staff development to ensure the provision of a high level of appropriate support for students who have learning difficulties and/or disabilities.
- f) Specialist programmes are described in College prospectuses, and achievements and destinations are recorded and published in the standard College format.
- g) Counselling and welfare services are described in the College Student Guide, which is issued to students together with the Complaints and Disciplinary Procedure leaflets at induction.

Disclosure of information to auditors

The members who held office at the date of approval of this report confirm that, so far as they are each aware, there is no relevant audit information of which the College's auditors are unaware; and each member has taken all the steps that he or she ought to have taken to be aware of any relevant audit information and to establish that the College's auditors are aware of that information.

Signed on behalf of the Corporation

E.M. Milburn

12 December 2008

Professional Advisers

Financial statements and
regularity auditors:

Baker Tilly UK Audit LLP
Abbotsgate House
Hollow Road
BURY ST EDMUNDS
Suffolk IP32 7FA

Internal Auditors:

Bentley Jennison
Cedar House
Breckland
Linford Wood
MILTON KEYNES
Bucks. MK14 6EX

Bankers:

Lloyds TSB Bank plc
3rd Floor
25 Gresham Street
LONDON
EC2V 7HN

Solicitors:

Hewitsons
Shakespeare House
42 Newmarket Road
CAMBRIDGE
CB5 8EP

Statement of Corporate Governance and Internal Control

The College is committed to exhibiting best practice in all aspects of corporate governance. This summary describes the manner in which the College has applied the principles set out in the revised Combined Code on Corporate Governance issued by the London Stock Exchange in July 2006. Its purpose is to help the reader of the accounts understand how the principles have been applied.

In the opinion of the governors, the College complies with all the provisions of the Combined Code in so far as they apply to the further education sector, and it has complied throughout the year ended 31 July 2008.

The Corporation

The members who served on the Corporation during the year and up to the date of signature of this report were as listed in the table below.

Member	Date of Appointment	Term of Office	Date of Resignation	Status of Appointment	Committees served
Mr M Bewley	01.08.04	4 years	30.09.07	Staff member	Accommodation Strategy Audit
Mrs J Bloomfield	01.01.00 Re-appointed 04 08	4 years		Independent member	HR Remuneration
Mr R Carter	01.08.01 Re-appointed 05	4 years		Independent member	HR Accommodation Strategy Search and Appointments Audit (from 9 07)
Mr S Cook	01.08.03 Re-appointed 07	4 years		Independent member	Audit Quality (from 9 08)
Mr P Dickie	7.1.08	4 years		Independent member	Audit
Miss J Finn	02.10.04 Re-appointed 08	4 years		Independent member	2nd Vice Chair from 7 07 Quality HR
Mr S Gerber	05.10.07	4 Years		Staff member	Accommodation Strategy Search and Appointments (from 9 08)
Mr K Golding	01.02.06	4 years		Independent member	Quality Finance
Mr A L Gordon-Stables	01.10.89 Reappointed 93 97 01 and 05	4 years		Independent member	Accommodation Strategy Finance Quality
Mr D Hills	01.12.00 Re-appointed 04 08	4 years		Independent member	Accommodation Strategy Quality Finance
Mrs C Manning	01.08.08	4 years		Independent member	HR (from 9 08)
Mrs E Milburn	23.07.89 Reappointed 92 96, 99, 03 and 07	4 years		Independent member	Chairman: Corporation Finance Search and Appointments Remuneration
Mr R Millea	8.3.96 Reappointed 00, 04 08	4 Years		Independent member	Vice Chairman: Corporation Finance Remuneration
Mr R Millar	01.05.04	4 Years	31.7.08	Independent member	Quality
Mr J Roberts	01.02.02 Re-appointed 03 and 07	4 Years		Independent member	Accommodation Strategy Finance HR (to 7 08) Remuneration
Mr J Simmonds	01.08.01 Re-appointed 05	4 years		Independent member	Audit Accommodation Strategy
Mr B Smith	14.10.07	4 years		Independent member	Quality (from 3 08) HR (from 9 08)
Mr C Ward	1.10.05 Re-appointed 06 and 07	1 year	31.7.08	Student	Quality
Dr E A Williams	01.12.02	Whilst in post		Principal	Finance HR Search and Appointments
Mr A Wilson	01.01.00 Re-appointed 04	4 years	31.10.07	Independent member	Audit Search and Appointments
Mr R Windsor	14.12.07	1 year		Student	

Mr M Fell acts as Clerk to the Corporation

It is the Corporation's responsibility to bring independent judgement to bear on issues of strategy, performance, resources and standards of conduct.

The Corporation is provided with regular and timely information on the overall financial performance of the College together with other information such as performance against funding targets, proposed capital expenditure, quality matters and personnel-related matters such as health and safety and environmental issues. The Corporation meets five times per year.

The Corporation conducts its business through a number of committees. Each committee has terms of reference, which have been approved by the Corporation. These committees are finance, remuneration, quality, search and appointments, accommodation strategy, human resources and audit. Full minutes of all meetings, except those deemed to be confidential by the Corporation, are available from the Clerk to the Corporation at:

West Suffolk College
Out Risbygate
Bury St Edmunds
Suffolk
IP33 3RL

The Clerk to the Corporation maintains a register of financial and personal interests of the governors. The register is available for inspection at the above address.

All governors are able to take independent professional advice in furtherance of their duties at the College's expense and have access to the Clerk to the Corporation, who is responsible to the Board for ensuring that all applicable procedures and regulations are complied with. The appointment, evaluation and removal of the Clerk are matters for the Corporation as a whole.

Formal agendas, papers and reports are supplied to governors in a timely manner, prior to Board meetings. Briefings are also provided on an ad hoc basis.

The Corporation has a strong and independent non-executive element and no individual or group dominates its decision making process. The Corporation considers that each of its non-executive members is independent of management and free from any business or other relationship which could materially interfere with the exercise of their independent judgment.

There is a clear division of responsibility in that the roles of the Chair of the Corporation and Principal of the College are separate.

Appointments to the Corporation

Any new appointments to the Corporation are a matter for the consideration of the Corporation as a whole. The Corporation has a search committee comprising four members of the Corporation which is responsible for the selection and nomination of any new member for the Corporation's consideration. The Corporation is responsible for ensuring that appropriate induction and training is provided as required.

Members of the Corporation are appointed for a term of office not exceeding four years.

Remuneration Committee

Throughout the year ending 31 July 2008, the College's remuneration committee comprised four members of the Corporation. The committee's responsibilities are to make recommendations to the Board on the remuneration and benefits of the Principal and other senior post holders.

Details of remuneration for the year ended 31 July 2008 are set out in note 8 to the financial statements.

Audit Committee

The audit committee comprises four members of the Corporation (excluding the Principal and Chair). The committee operates in accordance with written terms of reference approved by the Corporation.

The audit committee meets four times a year and provides a forum for reporting by the College's internal, regularity and financial statements auditors, who have access to the committee for independent discussion, without the presence of College management. The College management team attend by invitation. The committee also receives and considers reports from the LSC, as they affect the College's business.

The College's internal auditors monitor the systems of internal control, risk management controls and governance processes in accordance with an agreed annual plan and report their findings to management and the audit committee.

Management is responsible for the implementation of agreed audit recommendations, and internal audit undertakes periodic follow-up reviews to ensure such recommendations have been implemented.

The audit committee also advises the Corporation on the appointment of internal, regularity and financial statements auditors and their remuneration for both audit and non-audit work.

Internal Control

Scope of responsibility

The Corporation is ultimately responsible for the College's system of internal control and for reviewing its effectiveness. However, such a system is designed to manage rather than eliminate the risk of failure to achieve business objectives, and can provide only reasonable and not absolute assurance against material misstatement or loss.

The Corporation has delegated the day-to-day responsibility to the Principal, as Accounting Officer, for maintaining a sound system of internal control that supports the achievement of the College's policies, aims and objectives, whilst safeguarding

the public funds and assets for which she is personally responsible, in accordance with the responsibilities assigned to her in the Financial Memorandum between the College and the Learning and Skills Council (LSC). She is also responsible for reporting to the Corporation any material weaknesses or breakdowns in internal control.

The purpose of the system of internal control

The system of internal control is designed to manage risk to a reasonable level rather than to eliminate all 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 and prioritise the risks to the achievement of college policies, aims and objectives, to evaluate the likelihood of those risks being realised and the impact should they be realised, and to manage them efficiently, effectively and economically. The system of internal control has been in place in West Suffolk College for the year ended 31 July 2008 and up to the date of approval of the annual report and accounts.

Capacity to handle risk

The Corporation has reviewed the key risks to which the College is exposed, together with the operating, financial and compliance controls that have been implemented to mitigate those risks. The Corporation is of the view that there is a formal ongoing process for identifying, evaluating and managing the College's significant risks that has been in place for the period ending 31 July 2008 and up to the date of approval of the annual report and accounts. This process is regularly reviewed by the Corporation.

The risk and control framework

The system of internal control is based on a framework of regular management information, administrative procedures including the segregation of duties, and a system of delegation and accountability. In particular, it includes:

- comprehensive budgeting systems with an annual budget, which is reviewed and agreed by the governing body,
- regular reviews by the governing body of periodic and annual financial reports which indicate financial performance against forecasts,
- setting targets to measure financial and other performance,
- clearly defined capital investment control guidelines,
- the adoption of formal project management disciplines, where appropriate.

The College has an internal audit service, which operates in accordance with the requirements of the LSC's Audit Code of Practice. The work of the internal audit service is informed by an analysis of the risks to which the College is exposed, and annual internal audit plans are based on this analysis. The analysis of risks and the internal audit plans are endorsed by the Corporation on the recommendation of the audit committee. At a minimum annually, the Director of Finance provides the governing body with a report on internal audit activity in the College. The report includes the Director of Finance's independent opinion on the adequacy and

effectiveness of the College's system of risk management, controls and governance processes.

Review of effectiveness

As Accounting Officer, the Principal has responsibility for reviewing the effectiveness of the system of internal control. The Principal's review of the effectiveness of the system of internal control is informed by:

- the work of the internal auditors,
- the work of the executive managers within the College who have responsibility for the development and maintenance of the internal control framework,
- comments made by the College's financial statements auditors and the regularity auditors in their management letters and other reports.

The Principal has been advised on the implications of the result of her review of the effectiveness of the system of internal control by the audit committee which oversees the work of the internal auditor, and a plan to address weaknesses and ensure continuous improvement of the system is in place.

The senior management team receives reports setting out key performance and risk indicators and considers possible control issues brought to their attention by early warning mechanisms, which are embedded within the departments and reinforced by risk awareness training. The senior management team and the audit committee also receive regular reports from internal audit, which include recommendations for improvement. The audit committee's role in this area is confined to a high-level review of the arrangements for internal control. The Corporation's agenda includes a regular item for consideration of risk and control and receives reports thereon from the senior management team and the audit committee. The emphasis is on obtaining the relevant degree of assurance and not merely reporting by exception. At its July 2007 meeting, the Corporation carried out the annual assessment for the year ended 31 July 2008 by considering documentation from the senior management team and internal audit.

Going Concern

After making appropriate enquiries, the Corporation 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.

Approved by order of the members of the Corporation on 12th December 2008 and signed on its behalf by:

Signed

E Milburn

Chairman

Signed

E A Williams

Principal

Statement of the Responsibilities of the Members of the Corporation

The members of the Corporation are required to present audited financial statements for each financial year.

Within the terms and conditions of the Financial Memorandum agreed between the Learning and Skills Council (the LSC) and the Corporation of the College, the Corporation, through its Principal, is required to prepare financial statements for each financial year in accordance with the Statement of Recommended Practice – Accounting for Further and Higher Education Institutions and which give a true and fair view of the state of affairs of the college and the result for that year.

In preparing the financial statements, the Corporation is required to:

- select suitable accounting policies and apply them consistently;
- make judgements and estimates that are reasonable and prudent;
- state whether applicable Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements; and
- prepare financial statements on the going concern basis, unless it is inappropriate to assume that the college will continue in operation.

The Corporation is also required to prepare a Members' Report which describes what it is trying to do and how it is going about it, including the legal and administrative status of the College.

The Corporation is responsible for keeping proper accounting records, which disclose with reasonable accuracy, at any time, the financial position of the College, and which enable it to ensure that the financial statements are prepared in accordance with the relevant legislation of incorporation and other relevant accounting standards. It is responsible for taking steps that are reasonably open to it in order to safeguard the assets of the College and to prevent and detect fraud and other irregularities.

Members of the Corporation are responsible for ensuring that expenditure and income are applied for the purposes intended by Parliament and that the financial transactions conform to the authorities that govern them. In addition they are responsible for ensuring that funds from the LSC are used only in accordance with the Financial Memorandum with the LSC and any other conditions that the LSC may prescribe from time to time. Members of the Corporation must ensure that there are appropriate financial and management controls in place in order to safeguard public and other funds and to ensure they are used properly. In addition, members of the Corporation are responsible for securing economical, efficient and effective management of the College's resources and expenditure, so that the benefits that should be derived from the application of public funds by the LSC are not put at risk.

Approved by order of the members of the Corporation on 12th December 2008 and signed on its behalf by:

E.M Milburn
Chairman

12 December 2008

Independent Auditor's Report to the Corporation of West Suffolk College

We have audited the financial statements of West Suffolk College for the year ended 31 July 2008, which comprise the income and expenditure account, the balance sheet, the cash flow statement, the statement of historical cost surpluses and deficits, the statement of total recognised gains and losses and the related notes¹ to 30. These financial statements have been prepared under the historical cost convention and the accounting policies set out therein.

This report is made solely to the Corporation, as a body, in accordance with statutory requirements. Our audit work has been undertaken so that we might state to the Corporation, as a body, those matters we are required to state to them in an auditors' 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 Corporation, as a body, for our audit work, for this report, or for the opinions we have formed.

Respective Responsibilities of the Members of the Corporation of West Suffolk College and Auditors

As described in the Statement of Responsibilities the College's Corporation is responsible for preparing the Members' Report and financial statements in accordance with the 2007 Statement of Recommended Practice – Accounting for Further and Higher Education, applicable law, and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

Our responsibility is to audit the financial statements in accordance with relevant legal and regulatory requirements and International Standards on Auditing (UK and Ireland).

We report to you our opinion as to whether the financial statements give a true and fair view and are properly prepared in accordance with the 2007 Statement of Recommended Practice – Accounting for Further and Higher Education. We also report to you if, in our opinion, the Members' Report is not consistent with the financial statements, if the College has not kept proper accounting records, or if we have not received all the information and explanations we require for our audit.

We read the Members' Report and consider the implications for our report if we become aware of any apparent misstatement within it.

Basis of Audit Opinion

We conducted our audit in accordance with International Standards on Auditing (UK and Ireland) issued by the Auditing Practices Board and the Audit Code of Practice issued by the Learning and Skills Council. An audit includes examination, on a test basis, of evidence relevant to amounts and disclosures in the financial statements. It also includes an assessment of the significant estimates and judgements made by the College's Corporation in the preparation of the financial statements, and of whether the accounting policies are appropriate to the College's circumstances, consistently applied and adequately disclosed.

We planned and performed our audit so as to obtain all the information and explanations which we considered necessary in order to provide us with sufficient evidence to give us reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or other irregularity or error. In forming our opinion we also evaluated the overall adequacy of the presentation of information in the financial statements.

Opinion

In our opinion;

- the financial statements give a true and fair view, in accordance with UK Generally Accepted Accounting Practice, of the state of affairs of the College and the group as at 31 July 2008 and of the group's surplus of income over expenditure for the year then ended; and
- the financial statements have been properly prepared in accordance with the 2007 Statement of Recommended Practice – Accounting for Further and Higher Education.

Baker Tilly UK Audit LLP
Chartered Accountants and Registered Auditors
Abbotsgate House
Hollow Road
Bury St Edmunds
Suffolk IP32 7FA

Date

Independent Auditor's Report on Regularity to the Corporation of West Suffolk College ('the Corporation') and the Learning and Skills Council ('the LSC')

In accordance with the terms of our engagement letter dated 2nd April 2007 and further to the requirements of the LSC, we have carried out a review to obtain assurance about whether, in all material respects, the expenditure disbursed and income received of West Suffolk College ('the College') during the year ended 31 July 2008 have been applied to the purposes identified by Parliament and the financial transactions conform to the authorities which govern them.

This report is made solely to the Corporation and the LSC. Our review work has been undertaken so that we might state to the Corporation and the LSC those matters we are required to state to it in a 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 Corporation and the LSC, for our review work, for this report, or for the opinion we have formed.

Respective responsibilities of the Members of the Corporation of West Suffolk College and Auditors

The College Corporation is responsible, under the requirements of the Further & Higher Education Act 1992, subsequent legislation and related regulations, for ensuring that expenditure disbursed and income received are applied for the purposes intended by Parliament and the financial transactions conform to the authorities which govern them.

Our responsibilities for this review are established in the United Kingdom by our profession's ethical guidance and the audit guidance set out in the Audit Code of Practice and the Regularity Audit Framework issued by the LSC. We report to you whether, in our opinion, in all material respects, the College's expenditure disbursed and income received for the year ended 31 July 2008 have been applied to purposes intended by Parliament and the financial transactions conform to the authorities which govern them.

Basis of opinion

We conducted our review in accordance with the Audit Code of Practice and the Regularity Audit Framework issued by the LSC. Our review includes examination, on a test basis, of evidence relevant to the regularity and propriety of the College's income and expenditure.

Opinion

In our opinion, in all material respects the expenditure disbursed and income received for the year ended 31 July 2008 have been applied to purposes intended by Parliament and the financial transactions conform to the authorities which govern them.

Baker Tilly UK Audit LLP
Chartered Accountants and Registered Auditors
Abbotsgate House
Bury St Edmunds
Suffolk IP32 7FA

Date

WEST SUFFOLK COLLEGE

INCOME AND EXPENDITURE ACCOUNT**FOR THE YEAR TO 31 JULY 2008**

	Notes	2008 Total £000	2007 Total £000
Income			
Funding council income	2	21,660	18,351
Tuition fees and education contracts	3	2,375	2,830
Other grant income	4	935	608
Other operating income	5	1,028	964
Investment income	6	301	269
Total income		26,299	23,022
Expenditure			
Staff costs	7,8	15,662	14,481
Other operating expenses	9	7,942	6,649
Depreciation	11	998	784
Interest payable	10	178	100
Total expenditure		24,780	22,014
Surplus on continuing operations after depreciation of tangible assets at valuation and before tax		1,519	1,008
Loss on disposal of fixed assets		12	1
Surplus on continuing operations after depreciation of tangible assets at valuation and tax	20	1,507	1,007

The income and expenditure account is in respect of continuing activities only.

WEST SUFFOLK COLLEGE**STATEMENT OF HISTORICAL COST SURPLUSES AND DEFICITS****FOR THE YEAR TO 31 JULY 2008**

	Notes	2008 £000	2007 £000
Surplus on continuing operations after taxation		1,507	1,007
Difference between historical cost depreciation and the actual charge for the period calculated on the revalued amount	19	122	121
Historical cost surplus for the year before and after taxation		1,629	1,127

WEST SUFFOLK COLLEGE**STATEMENT OF TOTAL RECOGNISED GAINS AND LOSSES****FOR THE YEAR TO 31 JULY 2008**

	Notes	2008 £000	2007 £000
Surplus on continuing operations after depreciation of assets at valuation and tax		1,507	1,007
Actuarial (loss)/gain in respect of pension scheme	21	(756)	1,397
Total recognised gains for the period		751	2,403
Reconciliation			
Opening reserves		11,239	8,835
Total recognised gains for the year		751	2,404
Closing reserves	19,20	11,990	11,239

WEST SUFFOLK COLLEGE**BALANCE SHEET AS AT 31 JULY 2008**

	Notes	2008 £000	2007 £000
Fixed assets			
Tangible assets	11	18,300	17,596
Investments	12	0	0
Total fixed assets		<u>18,300</u>	<u>17,596</u>
Current Assets			
Stock		16	13
Debtors	13	924	1,408
Cash at bank and in hand	23	4,236	2,773
Total current assets		<u>5,176</u>	<u>4,194</u>
Creditors: amounts falling due within one year	14	3,491	3,919
Net current assets		<u>1,685</u>	<u>275</u>
Total assets less current liabilities		19,985	17,871
Creditors: amounts falling due after more than one year	15	3,553	2,760
Net pension liability	21	1,540	839
NET ASSETS (including pension liability)		<u>14,892</u>	<u>14,272</u>
Deferred capital grants	18	2,902	3,033
Income and expenditure account excluding pension reserve	20	8,776	7,202
Pension reserve	21	(1,540)	(839)
Income and expenditure account including pension reserve		<u>7,236</u>	<u>6,363</u>
Revaluation reserve	19	4,754	4,876
TOTAL		<u>14,892</u>	<u>14,272</u>

The financial statements on pages 21 to 49 were approved by the Corporation and authorised for issue on 12 December 2008 and were signed on its behalf by:

Chairman	E Milburn	12 December 2008
Principal	E A Williams	12 December 2008

WEST SUFFOLK COLLEGE**CASHFLOW STATEMENT****FOR THE YEAR TO 31 JULY 2008**

	Notes	Year ended 31 July 2008 £000	Year ended 31 July 2007 £000
Cash flow from operating activities	22	2,110	1,024
Returns on investments and servicing of finance	24	123	171
Capital expenditure and financial investment	24	(1,584)	(4,910)
Financing	24	813	1,305
Increase in cash in the year	23	1,462	(2,410)

Reconciliation of net cash flow to movement in net debt

		£000	£000
Increase in cash in the year	23	1,462	(2,410)
Cash outflow from secured loan	23	174	183
Loan financing	23	(1,000)	(1,500)
Change in net debt resulting from other cash flows	23	13	12
Movement in net debt in year		649	(3,715)
Net funds at 1 August		(227)	3,488
Net (debt)/funds at 31 July	23	422	(227)

WEST SUFFOLK COLLEGE

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR TO 31 JULY 2008

STATEMENT OF ACCOUNTING POLICIES

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

Basis of Preparation

These financial statements have been prepared in accordance with the Statement of Recommended Practice: Accounting for Further and Higher Education 2007 (the SORP) and in accordance with applicable Accounting Standards. They conform to guidance published by the Learning and Skills Council (LSC), in the Accounts Direction Handbook.

Basis of Accounting

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

Basis of Consolidation

The financial statements include only the College and not its subsidiary Magna Carta Consultants Limited. This has been excluded from the consolidation on the basis that it is not material to the financial statements. The College has not acquired or disposed of any subsidiaries during the period. Had it done so, the results of such subsidiaries would be included in the consolidated income and expenditure account from the date of acquisition or up to the date of disposal. Intra-group sales and profits are eliminated fully on consolidation. In accordance with FRS2, the activities of the student union have not been consolidated because the College does not control those activities. All financial statements are made up to 31 July 2008

Recognition of Income

The recurrent grants from the LSC and HEFCE represent the funding allocations attributable to the current financial year and are credited direct to the income and expenditure account. Recurrent grants are recognised in line with planned activity. Any under-achievement against this planned activity is adjusted in-year and reflected in the level of recurrent grant recognised in the income and expenditure account.

Non recurrent grants from the LSC or other bodies received in respect of the acquisition of fixed assets are treated as deferred capital grants and amortised in line with depreciation over the life of the assets.

Income from Tuition Fees is recognised in the period for which it is received and includes all fees chargeable to students or their sponsors e.g. employers.

Income from 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.

Post Retirement Benefits

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

Contributions to the TPS are charged to the income and expenditure account so as to spread the cost of pensions over 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. As stated in note 21, the TPS is a multi employer scheme and the College is unable to identify its share of the underlying assets and liabilities of the scheme on a consistent and reasonable basis. The TPS is therefore treated as a defined contribution scheme and the contributions recognised as they are paid each year.

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.

Enhanced Pensions

The College has not approved any enhanced pensions. If it had, the actual cost of any enhanced ongoing pension to a former member of staff would be paid by the College annually. An estimate of the expected future cost of any enhancement to the ongoing pension of a former member of staff would be charged in full to the College's income and expenditure account in the year that the member of staff retired. In subsequent years a charge would be made to provisions in the balance sheet using the enhanced pension spreadsheet provided by the LSC.

Tangible Fixed Assets

The College's policy is to carry all assets at historical cost, except for inherited assets which are included in the balance sheet at a valuation carried out in May 1996. On implementation of FRS15 at 31 July 1999, the College took advantage of the transitional rules.

a Land and Buildings

Land and buildings are stated at depreciated replacement cost established by independent valuation in May 1996. Land and buildings acquired since May 1996 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 50 years. Where land and buildings are acquired with the aid of specific grants they are capitalised and depreciated as above. The related grants are credited to a deferred capital grant account and are released to the income and expenditure account over the expected useful economic life of the related asset on a basis consistent with the depreciation policy. All other buildings are depreciated over their useful economic lives as follows:

Buildings permanent	2% straight line basis
Freehold improvements	12.5% straight line basis
Leasehold improvements	12.5% straight line basis

The transitional rules set out in FRS15 *Tangible Fixed Assets* have been applied on implementing FRS15. Accordingly the book values have been retained. A review for impairment of a fixed asset is carried out if events or changes in circumstances indicate that the carrying amount of the fixed asset may not be recoverable.

b Assets under Construction

Assets under construction are accounted for at cost, based on the value of architect's certificates and other direct costs, incurred to 31 July. They are not depreciated until they are brought into use.

c Subsequent expenditure on existing fixed assets

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 capitalized and depreciated on the relevant basis:

- Market value of the fixed asset has subsequently improved
- Asset capacity increases
- Substantial improvement has occurred in the quality of output or reduction in operating costs

- Significant extension of the asset's life beyond that conferred by repairs and maintenance has been achieved.

d 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.

All equipment is depreciated over its useful economic life as follows:

Teaching computers	25%	straight line basis
Teaching other	12.5%	straight line basis
Admin equipment	25%	straight line basis
Service equipment	12.5%	straight line basis
Fixtures/fittings	12.5%	straight line basis
Motor vehicles	25%	straight line basis

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.

Leased Assets

Costs in respect of operating leases have been charged on a straight line basis over the lease term.

Leasing Agreements which transfer to the College substantially all the benefits and risks of ownership of an asset are treated as if the asset had been purchased outright and are capitalised at their fair value at the inception of the lease and depreciated over the shorter of the lease term or the useful economic lives of equivalently owned assets. The capital element outstanding is shown as obligations under finance leases.

The finance charges are allocated over the period of the lease in proportion to the capital element outstanding. Where finance lease payments are funded in full by funding council equipment grants, the associated assets are designated as grant-funded assets

Stocks

Stocks are stated at the lower of their cost and net realisable value. Where necessary, provision is made for obsolete, slow-moving and defective stocks.

Maintenance of Premises

The cost of routine corrective maintenance is charged to the income and expenditure account in the period it is incurred.

Taxation

The College is an exempt charity within the meaning of schedule 2 of the Charities Act 1993 and as such is a charity within the meaning of section 506 (1) of the Income and Corporation Taxes Act (ICTA) 1988.

Accordingly, the College is potentially exempt from taxation in respect of income or capital gains received within categories covered by section 505 of the 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.

The College receives no similar exemption in respect of VAT. For this reason the College is generally unable to recover input VAT it suffers on goods and services purchased. Non pay expenditure is therefore shown inclusive of VAT with any partial recovery netted off against these figures.

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

Provisions

Provisions are recognised when the College has a present legal or constructive obligation as a result of a past event, it is probable that a transfer of economic benefit will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation.

Agency Arrangements

The College acts as an agent in the collection and payment of learner support funds. Related payments received from the Learning and Skills Council and subsequent disbursements to students are excluded from the income and expenditure account and are shown separately in note 29, except for the 5 per cent of the grant received which is available to the College to cover administration costs relating to the grant.

2 FUNDING COUNCIL INCOME

	Total 2008 £000	Total 2007 £000
Recurrent grant - LSC	13,186	11,821
Recurrent grant - HEFCE	1,966	1,296
Non recurrent grants - LSC	6,293	5,053
Releases of deferred capital grants	215	181
	21,660	18,351

* West Suffolk College is a lead partner in a consortium to deliver Train To Gain in the Eastern Region. The income shown above represents that earned by the College in its capacity both as a provider and as the consortium lead. All other income claimed from the LSC and payable to consortium partners has been excluded from these accounts. Total income claimed in the year under this arrangement and the related payments to partners was as follows:

	Total 2008 £000	Total 2007 £000
Train To Gain	1,223	559
Payments to non college partners	(589)	(118)
Payments to FE College partners	(273)	(103)
Net Income	361	338

3 TUITION FEES AND EDUCATION CONTRACTS

	2008 £000	2007 £000
Tuition Fees	2,255	2,564
Education Contracts	120	266
	2,375	2,830

4 OTHER GRANT INCOME

	2008	2007
	£000	£000
Programme of Academic and Vocational Education	358	349
University Campus Suffolk	191	0
East of England Development Agency	152	0
British Council	45	41
Suffolk County Council	24	53
Other funds	54	73
Cranfield University	34	0
Aim Higher	21	16
ACER	10	0
St Edmundsbury Borough Council	0	20
Thetford Excellence Partnership	0	15
Anglia Ruskin University	0	7
Learning and Skills Network Ltd	0	9
Releases from deferred capital grants (non LSC)	46	25
	935	608

5 OTHER OPERATING INCOME

	2008	2007
	£000	£000
Catering and residence operations	506	485
Nursery Fees	238	234
Miscellaneous	97	70
Resale Materials	131	137
Car Park	45	26
Lettings	11	12
	1,028	964

6 INVESTMENT INCOME

	2008	2007
	£000	£000
Interest receivable	204	235
Pension finance income (note 21)	97	34
	301	269

7 STAFF COSTS

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

	2008	2007
	Number	Number
Teaching Departments	187	183
Teaching Departments – non teaching	66	53
Teaching Support Services	75	70
Other Support Services	60	54
Administration & Central Services	61	63
Premises	15	15
Catering & Trainees	14	13
	478	451

Staff costs for the above persons:

	2008	2007
	£000	£000
Teaching Departments	7,774	7,328
Teaching Departments – non teaching	1,852	1,508
Teaching Support Services	2,404	2,120
Other Support Services	1,055	986
Administration & Central Services	1,846	1,921
Premises	347	335
Catering	276	231
FRS17 retirement benefit charge	42	22
Restructuring Costs	47	3
Miscellaneous	19	27
	15,662	14,481

	2008	2007
	£000	£000
Wages & Salaries	13,074	12,175
Social Security Costs	935	886
Pension Costs (including FRS17 adjustments)	1,606	1,417
Restructuring Costs	47	3
	15,662	14,481

	2008	2007
	£000	£000
Employment costs for staff on permanent contracts	11,473	10,961
Employment costs for staff on short term or temporary contracts	4,100	3,495
FRS17 retirement benefit charge	42	22
Restructuring Costs	47	3
	15,662	14,481

7 STAFF COSTS (cont'd)

The number of staff including senior post holders and the Principal, who received emoluments including pension contributions and benefits in kind in the following ranges was:-

	2008 Number of senior post- holders	2008 Number of other staff	2007 Number of senior post- holders	2007 Number of other staff
• £60,001 to £70,000	1	4	0	0
• £70,001 to £80,000	0	0	3	0
• £80,001 to £90,000	3	0	1	0
• £90,001 to £100,000	0	0	0	0
• £100,001 to £110,000	0	0	0	0
• £110,001 to £120,000	1	0	1	0
	5	4	5	0

On the 1st August 2007, all staff received a pay increase of 3.0%.

8 EMOLUMENTS OF SENIOR POSTHOLDERS AND MEMBERS

Senior post-holders are defined as the Principal and holders of the other senior posts whom the Governing Body has selected for the purposes of the Articles of Government of the College relating to the appointment and promotion of staff who are appointed by the Governing Body.

	2008	2007
The number of senior post-holders including the Principal was:	5	5
Senior post-holders' emoluments are made up as follows:	£000	£000
Salaries	344	342
Benefits in kind	33	36
Pension contributions	54	51
Total emoluments	431	429

The above emoluments include amounts payable to the Principal (who is also the highest paid senior post-holder) of:

Salaries	94	93
Benefits in kind	5	5
Pension contributions	13	13
Total emoluments	112	111

The pension contributions in respect of the Principal and senior post-holders are in respect of employer's contributions to either the Teachers' or Local Government Pension Schemes and are paid at the same rates as for other employees.

The members of the Corporation other than the Principal and the staff governor did not receive any payment from the College other than expenses reimbursed for the performance of their duties.

Senior post-holders, including the Principal and other higher paid staff, received a pay increase of 3.0% per cent. No other salary enhancements were awarded to senior post-holders or other higher paid staff.

9 OTHER OPERATING EXPENSES

	2008	2007
	£000	£000
Teaching departments	1,651	1,539
Teaching support services	859	797
Other support services including staff training	841	911
Administration and central services	1,556	1,295
General education expenditure	1,140	903
Premises costs – Running costs	1,046	584
Premises costs – Maintenance	411	262
Premises costs – Rents and leases	349	292
Planned maintenance	89	66
	<hr/>	<hr/>
	7,942	6,649

Premises costs – Running costs in 2007/08 include £390,577 in respect of the costs associated with the College's capital project.

Other operating expenses include:

Auditors' remuneration		
External audit	21	21
Internal audit	16	14
Other services, external audit	23	19
Hire of other assets - land and buildings	184	203
Hire of other assets - operating leases	133	109

10 INTEREST PAYABLE

	2008	2007
	£000	£000
On bank loans, overdrafts and other loans: Repayable wholly or partly in more than 5 years	178	100
	<hr/>	<hr/>
Total	178	100

11 TANGIBLE FIXED ASSETS

	Land and buildings freehold	Buildings under constructio n	Equipment	Total
	£000	£000	£000	£000
Cost or valuation				
At 1 August 2007	13,682	5,872	3,152	22,706
Additions	0	1,510	213	1,723
Disposals	38	0	318	356
Asset reclassification	6,197	(6,197)	0	0
At 31 July 2008	19,841	1,185	3,047	24,073
Depreciation				
At 1 August 2007	3,113	0	1,997	5,110
Charge for period	585	52	361	998
Disposals	31	0	304	335
At 31 July 2008	3,667	52	2,054	5,773
Net book value at 31 July 2008	16,174	1,133	993	18,300
Net book value at 1 August 2007	10,569	5,872	1,155	17,596

11 TANGIBLE FIXED ASSETS (cont'd)

	Land and buildings freehold £000	Buildings under construction £000	Equipment £000	Total £000
Analysis of net book value				
Inherited	4,633	0	0	4,633
Financed by capital grant	2,501	81	319	2,901
Other	9,040	1,052	674	10,765
Net book value at 31 July 2008	16,174	1,133	993	18,300
Analysis of cost or valuation at 31 July 2007				
Valuation in 1996	6,790	0	455	7,245
Cost	13,051	1,185	2,592	16,827
Cost or valuation at 31 July 2008	19,841	1,185	3,047	24,073

In both the College and Consolidated notes, all assets are carried at depreciated historical cost with the exception of inherited assets which are carried at depreciated replacement cost. The inherited assets were re-valued by an independent firm of Chartered Surveyors in May 1996 and their current net book value is £4.6m. Previously these land and buildings had been valued at open market value established as £2.7m by independent valuers in April 1993. The transitional rules set out in FRS15 Tangible Fixed Assets have been applied on implementing FRS15. Accordingly, the book values at implementation have been retained.

Land and buildings with a net book value of £16,045,793 have been partially funded by exchequer funds. Should these assets be sold, the College may be liable, under the terms of the Financial Memorandum with the Learning and Skills Council, to surrender the proceeds.

Where capital grant has funded assets, this grant will be released to the income and expenditure account over the remaining life of the assets. The release to the income and expenditure account in the current year in respect of capital grants was £261,010.

The net book value of tangible fixed assets includes an amount of £18,766 (2006/7 was £34,851) in respect of assets held under finance leases. The depreciation charge on these assets for the year was £16,085 (2006/7 was £16,085).

12 INVESTMENTS

	2008	2007
	£000	£000
Investments at cost	<u>0</u>	<u>0</u>

The Corporation owns 100% of the issued ordinary share capital of Magna Carta Consultants Limited which is registered in England and Wales, at a cost of £2. The principal activity of Magna Carta Consultants Limited is the provision of education and training although it is not currently actively trading.

13 DEBTORS

	2008	2007
	£000	£000
Amounts falling due within one year		
Trade debtors	315	508
Other debtors	1	1
Prepayments and accrued income	435	213
Amounts due from Learning & Skills Council	<u>173</u>	<u>686</u>
	<u>924</u>	<u>1,408</u>

14 CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	2008	2007
	£000	£000
Bank loans	248	228
Obligations under finance leases	13	12
Trade creditors	1,231	1,419
Sundry creditors	197	223
Other taxation and social security	326	298
Accruals	752	254
Payments received in advance - LSC	617	1,293
Other amounts owed to the Learning & Skills Council	107	192
	3,491	3,919

15 CREDITORS: AMOUNTS FALLING DUE AFTER MORE THAN ONE YEAR

	2008	2007
	£000	£000
Obligations under finance leases	16	29
Bank Loans	3,537	2,731
	3,553	2,760

16 BORROWINGS

a. Bank Loans

	2008	2007
	£000	£000
Bank loans repayable within 1 year	248	228
Bank loans repayable between 2 and 5 years	1,138	1,061
Bank loans repayable in more than 5 years	2,399	1,670
	3,785	2,959

Of the total loans, £1.3m attracts interest at 0.32% above base rate and is repayable in quarterly instalments no later than 1st July 2014. A further £2.5m attracts interest at a fixed rate of 6.195%. This amount is repayable in 48 instalments.

16 BORROWINGS

b. Obligations under Finance Leases

	2008	2007
	£000	£000
Obligations within 1 year	13	12
Obligations between 2 and 5 years	16	29
	29	41

Finance lease obligations are secured on the assets to which they relate.

17 PROVISIONS FOR LIABILITIES AND CHARGES

	Total	Total
	2008	2007
	£000	£000
At 1 August	0	113
Transferred to income and expenditure account	0	(113)
	0	0

18 DEFERRED CAPITAL GRANTS

	LSC	Other	Total
	Grants	Grants	Grants
	£000	£000	£000
At 31 July 2007 – Land and Buildings	2,666	0	2,666
At 31 July 2007 – Equipment	88	280	368
Cash received – Land and Buildings	99	0	99
Cash received – Equipment	0	30	30
Released to income and expenditure account:			
Land and buildings	(182)	0	(182)
Equipment	(33)	(46)	(79)
At 31 July 2008 – Land and Buildings	2,583	0	2,583
At 31 July 2008 – Equipment	55	264	319
At 31 July 2008	2,638	264	2,902

Grants received from the LSC related to both support for major works and for specific projects.

19 REVALUATION RESERVE

2008 **2007**

	£000	£000
At 1 August 2007	4,876	4,997
Transfer from revaluation reserve to income and expenditure account in respect of depreciation	(122)	(121)
At 31 July 2008	4,754	4,876

20 MOVEMENT ON GENERAL RESERVES

	2008 £000	2007 £000
At 1 August	6,363	3,838
Transfer from revaluation reserve to income and expenditure account	122	121
Surplus on continuing operations after depreciation of assets at valuation and tax	1,507	1,007
Actuarial (loss)/gain in respect of pension scheme	(756)	1,397
At 31 July	7,236	6,363
Balance represented by:		
Pension reserve	(1,540)	(839)
Income and expenditure account	8,776	7,202
At 31 July	7,236	6,363

21 PENSION AND SIMILAR OBLIGATIONS

The college's employees belong to two principal pension schemes, the Teachers' Pension Scheme England and Wales (TPS) for academic and related staff; and the

Local Government Pension Scheme (LGPS) for non teaching staff, which is managed by Suffolk County Council. Both are defined benefit schemes.

Total pension cost for the year	2008 £000	2007 £000
Teachers Pension Scheme: contributions paid	784	690
LGPS: Contributions paid	780	705
LGPS: FRS17 charge	42	22
Total Pension Cost for the Year	1,606	1,417

The pension costs are assessed in accordance with the advice of independent qualified actuaries. The latest actuarial valuations of the TPS was 31 March 2004 and the LGPS 31 March 2007.

Teachers' Pension Scheme

The Teachers' Pension Scheme is an unfunded defined benefit scheme. Contributions on a pay as you go basis are credited to the Exchequer under arrangements governed by the Superannuation Act 1972. A notional asset value is ascribed to the scheme for the purpose of determining contribution rates.

The pensions cost is normally assessed no less than every four years in accordance with the advice of the Government Actuary. The assumptions and other data that have the most significant effect on the determination of the contribution levels are as follows:

Latest actuarial valuation (under the new provisions)	31 March 2004
Actuarial method	Prospective Benefits
Investment returns per annum	6.5% per annum
Salary scale increases per annum	5.0% per annum
Notional value of assets at date of last valuation	£162,650 million
Proportion of members' accrued benefits covered by the notional value of the assets	98.88%

Following the implementation of the Teachers' Pensions (Employers' Supplementary Contributions) Regulations 2000 the Government Actuary carried out a further review on the level of employers' contributions. For the period from 1 August 2007 to 31 July 2008 the employer contribution remained at 14.1%. The employee rate remained at 6.4% for the same period.

21 PENSION AND SIMILAR OBLIGATIONS (cont'd)

FRS17

Under the definitions set out in Financial Reporting Standard 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 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 the assets held in separate trustee administered funds. The total contribution made for the year ended 31st July 2008 was £1,043,651 of which employer's contributions totalled £779,865 and employees' contributions totalled £263,786. The agreed contribution rates for future years are 18.6% for employers and rates of 5.5% to 7.5% for employees depending on their salary level.

Principal Actuarial Assumptions	At 31 July 2008	At 31 July 2007
Inflation	3.8%	3.3%
Rate of increase in salaries	5.3%	4.8%
Rate of increase for pensions	3.8%	3.3%
Discount rate for liabilities	6.7%	5.8%

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

	At 31 July 2008	At 31 July 2007
<i>Retiring today/current pensioners</i>		
Males	19.6 years	18.4 years
Females	22.5 years	21.3 years
<i>Retiring in 25 years/future pensioners</i>		
Males	20.7 years	19.6 years
Females	23.6 years	22.5 years

21 PENSION AND SIMILAR OBLIGATIONS (cont'd)

Local Government Pension Scheme (cont'd)

The assets and liabilities in the scheme (of which the College's share is estimated to be 0.82%) and the expected long term rates of return were:

	Long-term rate of return expected at 31 July 2008	Value at 31 July 2008 £000	Long-term rate of return expected at 31 July 2007	Value at 31 July 2007 £000
Equities	7.8%	6,968	8.0%	6,771
Bonds	5.7%	2,025	5.2%	1,560
Property	5.7%	1,072	6.0%	1,231
Cash	4.8%	242	5.1%	152
Total market value of assets		10,307		9,714
Present value of scheme liabilities		11,847		10,553
(Deficit)/surplus in the scheme		(1,540)		(839)

Analysis of the amount charged to income and expenditure account

	Year ended 31 July 2008 £000	Year ended 31 July 2007 £000
Employer service cost (net of employee contributions)	676	723
Past service cost	149	0
Total operating charge	825	723

Analysis of pension finance income/(costs)

Expected return on pension scheme assets	736	573
Interest on pension liabilities	(639)	(539)
Pension finance income/(costs)	97	34

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

	Year ended 31 July 2008 £000	Year ended 31 July 2007 £000
Total amount recognised in the statement of total recognised gains and losses in respect of actuarial gains and losses	(756)	1,397

21 PENSION AND SIMILAR OBLIGATIONS (cont'd)

Local Government Pension Scheme (cont'd)

Year ended Year ended

	31 July 2008 £000	31 July 2007 £000
Movement in (deficit)/surplus during year		
Deficit in scheme at 1 August	(839)	(2,248)
Movement in year:		
Employer service charge (net of employee contributions)	(676)	(723)
Employer Contributions	783	703
Past service cost	(149)	0
Net return/(interest) on assets	97	34
Impact of settlements and curtailments	0	(2)
Actuarial (loss)/gain	(756)	1,397
	<hr/>	<hr/>
Deficit in scheme at 31 July	(1,540)	(839)

Asset and Liability Reconciliation

	Year ended 31 July 2008 £000	Year ended 31 July 2007 £000
Reconciliation of Liabilities		
Liabilities at the start of the period	10,553	10,154
Current service cost	676	723
Interest cost	639	539
Employee Contributions	262	225
Actuarial (gain)/loss	(286)	(972)
Benefits paid	(146)	(118)
Past service cost	149	0
Curtailments and settlements	0	2
	<hr/>	<hr/>
Liabilities at the end of the period	11,847	10,553

Reconciliation of Assets

Assets at the start of the period	9714	7906
Expected return on assets	736	573
Actuarial (loss)/gain	(1,042)	425
Change in asset valuation	0	0
Employer contributions	783	703
Employee contributions	262	225
Benefits paid	(146)	(118)
	<hr/>	<hr/>
Assets at the end of the period	10,307	9,714

21 PENSION AND SIMILAR OBLIGATIONS (cont'd)

Local Government Pension Scheme (cont'd)

History of experience gains and losses

	Year ended 31 July 2008 £000	Year ended 31 July 2007 £000	Year ended 31 July 2006 £000	Year ended 31 July 2005 £000	Year ended 31 July 2004 £000
Difference between the expected and actual return on assets:					
Amount	1,476	419	481	703	60
% of scheme assets	14.3%	4.3%	6.1%	11.3%	1.3%
Experience gains and (losses) on scheme liabilities:					
Amount	(171)	1	(1)	(187)	(1)
% of scheme liabilities	(1.4%)	0.0%	(0.0%)	(2.2%)	(0.00)%
Total amount recognised in STRGL					
Amount	(756)	1,397	63	(604)	51
% of scheme liabilities	(6.38)	13.2%	0.6%	(7.1%)	0.8%

22 RECONCILIATION OF CONSOLIDATED OPERATING SURPLUS TO NET CASH INFLOW FROM OPERATING ACTIVITIES

	2008 £000	2007 £000
Surplus on continuing operations after depreciation of assets at valuation	1,507	1,007
Depreciation (note 11)	998	784
Deferred capital grants released to income (notes 2, 4)	(261)	(206)
(Increase)/decrease in stock	(3)	3
Interest payable (note 10)	178	100
Pension cost less contributions payable (notes 6, 7 and 21)	(55)	(12)
(Increase)/decrease in debtors	484	(748)
Increase/(decrease) in creditors	(449)	480
Decrease in provisions	0	(113)
Loss on disposal of fixed assets	12	0
Interest receivable (note 6)	(301)	(271)
Net cash inflow from operating activities	2,110	1,024

23 ANALYSIS OF CHANGES IN NET (DEBT)/FUNDS

	At 1 Aug 2007	Cash flows	Other changes	At 31 July 2008
	£000	£000	£000	£000
Cash in hand, at bank	2,773	1,463	0	4,236
Finance leases	(41)	12	0	(29)
Debt due within 1 year	(228)	(20)	0	(248)
Debt due after 1 year	(2,731)	194	(1,000)	(3,537)
Total	(227)	1,649	(1,000)	422

24 ANALYSIS OF CASH FLOWS FOR HEADINGS NETTED IN THE CASH FLOW STATEMENT

	Year ended 31 July 2008	Year ended 31 July 2007 £000
Returns on investments and servicing of finance		
Interest received	301	271
Interest paid	(178)	(100)
Net cash outflow from returns on investments and servicing of finance	123	171
Capital expenditure and financial investment		
Purchase of tangible fixed assets	(1,723)	(5,813)
Proceeds/(Loss) from sale of fixed assets	9	17
Deferred capital grants received	130	886
Net cash inflow/(outflow) for capital expenditure and financial investment	(1,584)	(4,910)
Financing		
Repayment of amounts borrowed	(174)	(183)
Loan drawdown	1,000	1,500
Capital element of finance lease rental payments	(13)	(12)
Net cash outflow from financing	813	1305

25 CAPITAL COMMITMENTS

2008 £000	2007 £000
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Commitments contracted for at 31 July

54

582

26 FINANCIAL COMMITMENTS

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

	2008	2007
	£000	£000
Land and Buildings		
Expiring within 1 year	70	32
Expiring in 2 to 5 years	93	116
Expiring after 5 years	21	55
	184	203
Other		
Expiring within 1 year	76	14
Expiring in 2 to 5 years	57	95
Expiring after 5 years	0	0
	133	109

27 CONTINGENT LIABILITIES

There were no contingent liabilities as at 31 July 2008.

28 RELATED PARTY TRANSACTIONS

Owing to the nature of the College's operations and the composition of the Board of Governors being drawn from local public and private sector organisations, it is possible that transactions will take place with organisations in which a member of the Board of Governors may have an interest. All transactions involving such organizations are conducted at arm's length and in accordance with the College's financial regulations and normal procurement procedures. During the year ended 31st July 2008 no material related party transactions requiring disclosure occurred.

At 31st July 2008, Magna Carta Consultants Limited owed £122,963 (2007 £124,322) to West Suffolk College. This balance has been fully provided against in both 2007 and 2008. Magna Carta Consultants Limited is a wholly owned subsidiary of West Suffolk College.

29 AMOUNTS DISBURSED AS AGENT

Learner Support Funds

Year ended	Year ended
31 July 2008	31 July 2007
£000	£000

LSC grants – hardship funds	155	137
LSC grants – childcare	32	32
	<u>187</u>	<u>169</u>
Disbursed to students	(103)	(94)
Administration costs	(9)	(7)
Amount consolidated in financial statements	<u>(47)</u>	<u>(55)</u>
Balance unspent at 31 July	<u>28</u>	<u>13</u>

LSC grants are available solely for students. In the majority of instances, the College acts only as paying agent. In these circumstances, the grants and related disbursements are therefore excluded from the Income and Expenditure Account. The income and expenditure consolidated in the College's financial statements relates to Learner Support Funds used for the purchase of equipment and payment of accommodation to third parties by the College on the students' behalf.

30 POST BALANCE SHEET EVENTS

On the 5 November 2008, the LSC gave approval in principle for the College's redevelopment project for a total approved spend of £68.5m with an LSC capital grant of 74% of eligible project costs. As part of the project a number of buildings will be demolished and as a result a full impairment review will be carried out during 2008-09.