

Great Yarmouth College
Draft Report and Financial Statements
For the Year Ended 31 July 2009

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Operating and Financial Review

NATURE, OBJECTIVES AND STRATEGIES

The members present their report and the audited financial statements for the year ended 31 July 2009.

Legal Status

The Corporation was established under The Further and Higher Education Act 1992 for the purpose of conducting Great Yarmouth College. The College is an exempt charity for the purposes of the Charities Act 1993 as amended by the Charities Act 2006.

The Corporation was incorporated as Great Yarmouth College of Further Education.

Mission

The College's mission, as approved by its members, is:

"The purpose of Great Yarmouth College is to equip people with the aspiration, skills and competences necessary for employability, enterprise and an increased contribution to a dynamic society."

Implementation of Strategic Plan

In July 2007 the College adopted a strategic plan for the period 1 August 2007 to 31 July 2010. This strategic plan includes property and financial plans. The Corporation monitors the performance of the College against these plans. The plans are reviewed and updated each year. The College's continuing strategic objectives are to:

- achieve a student body of 2,076 LSC-funded full-time equivalents (FTEs) by 31 July 2010;
- improve student retention to 92% by 31 July 2010;
- achieve a grade 2 for all areas in the next college inspection;
- achieve space utilisation of 5m² per FTE by 31 July 2009 and;
- maintain the financial viability of the College by maintaining cash days in hand of 40, a current ratio above 1:1, and accumulated reserves of at least 5% of income

The College is on target for achieving these objectives.

The College's specific objectives for 2008/09 and achievement of those objectives is addressed below:

- the College achieved 2,065 FTE learners against a target of 2,080 FTE learners;
- to maintain student retention above or at 85% - this was achieved;
- to maintain financial viability of the College by maintaining cash days in hand of 40, a current ratio of at least 1:1, and accumulated reserves of 5% of income – FR17 adjustments and capital write off has made the accumulated reserves of 5% of income unachievable in the year;
- increased collaboration with Great Yarmouth Schools, particularly in relation to the expansion of our vocational related learning opportunities for 14 - 16 year olds;
- Continued capital investment in the fabric of the College; this has been achieved through the completion of the "Studios 2&3".

Financial Objectives

The College's financial objectives are:

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

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

Operating and Financial Review (continued)

Performance Indicators

Although the Learning & Skills Council continues to measure FE performance in terms of contribution to national targets, individual Colleges are now required to submit three-year development plans which are reviewed each year. These development plans focus on four headline targets:

- learner number growth and achievement of Learning & Skills Council funding targets
- learner success rates
- teacher qualifications
- employer engagement

In 2008/09 the College exceeded all of its learner number growth targets including sub- targets for 16 - 18 FTE growth and adult basic skills learner number growth. Data is not currently available for the other targets but the College is confident, as in previous years, that all will be met.

The LSC is also moving towards a new system of performance measures for colleges, the "Framework for Excellence" replacing the old "ABC" framework for all providers in 200/09. The Framework has three dimensions:

- Responsiveness
- Effectiveness
- Finance

each of which has two or three Key Performance Areas. These Areas are further broken down into Performance Indicators supported by Performance Measures which are absolute measures of performance such as the outcome from a learner survey or a qualification success rate. In deriving the overall performance rating, the Framework gives equal weighting to each of the three dimensions.

The College is committed to observing the importance of the measures and indicators within the draft Framework and is monitoring these through the completion of the annual Finance Record for the LSC. As benchmarks develop so the College will be better placed to take appropriate action in the light of the overall performance rating. The current rating of Good is considered an acceptable outcome.

FINANCIAL POSITION

Financial Results

The College generated an operating deficit in the year of £624,000 (2007/08 surplus of £393,000).

During the year the College completed the Studios 2&3 Building, this being funded by the college and Learning & Skills Council, in addition the college commenced the build of a new Centre for Construction again funded by the college and the Learning & Skills Council. The college was also able to build a second Alchemy Centre with the support of Investors in Communities as part of their strategy to encourage enterprise in the Borough. This reflects the success of the first Alchemy Centre and the confidence placed on the college in encouraging enterprise.

The College has accumulated reserves deficit of £1,235,000 and cash balances of £418,000. The College wishes to continue to accumulate reserves and cash balances in order to create a fund for future investment.

Tangible fixed asset additions during the year amounted to £9,226,243. This was split between land and buildings acquired of £8,755,501, and equipment purchased of £470,742. In the main, this related to the new Centre for Construction and the Studios 2&3 development.

The College has significant reliance on the LSC for its principal funding source, largely from recurrent grants. In 2008/09, the LSC provided 75% of the College's total income.

Operating and Financial Review (continued)

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.

Short term borrowing for temporary revenue purposes is authorised by the Principal. Such arrangements are restricted by limits in the Financial Memorandum with the LSC. All other borrowing requires the authorisation of the Corporation and shall comply with the requirements of the Financial Memorandum of the LSC.

Cash flows

Operating cashflow for the year was £2,503,000 (2007/08 £65,000), actual cashflow for the year resulted in a reduction of £206,000 due to substantial investment in capital assets and repayments against outstanding loans compared to an decrease in cash of £785,000 for the year 2007/08

Liquidity

During the year, the College's liquidity position improved to £510,000 compared to £363,000 as at 31/07/2008.

The size of the College's total borrowing and its approach to interest rate have been calculated to ensure a reasonable cushion between the total cost of servicing debt and operating cash flow. During the year this margin was comfortably exceeded.

CURRENT AND FUTURE DEVELOPMENT AND PERFORMANCE

Student numbers

In 2008/09 the College has delivered activity that has produced £8,935,000 in LSC main allocation funding (2007/08 – £9,023,000). The College had approximately 3,200 LSC-funded and 1,000 non-LSC-funded students. The main difference resulting from re-designation of main stream income to employer responsiveness funding.

Student Achievements

Students achieved an estimated 85% of their qualification aims (2007/08: 85%).

Curriculum Developments

Methods of teaching and learning are under continuous review and development in order to ensure that the curriculum meets the needs of the local population.

The E2E provision has continued to grow. Recognition of the quality provision in this area has resulted in the College being nominated for a regional UK Skills award.

The College continues to cater for students with low levels of prior educational achievement with a significant increase in students studying at either entry level or level one.

Demand for courses in care continues to demonstrate strong demand, particularly with regard to NVQs for employed care workers. Additional resources have been employed to meet the demand and further expansion is envisaged in future years. The College provision of care courses was awarded Centre of Vocational Excellence status during 2003/04

The College offers a wide range of courses for adults and in particular prepares students for university through Access courses.

Significant capital investment has been made during the year with the completion of Studios 2&3.

Operating and Financial Review (continued)

Post-balance Sheet Events

A number of critical events have occurred since the balance sheet date;

- The Centre for Construction building was completed in November 2009.
- World wide volatility of the money markets since the balance sheet date will have had an impact on the actuaries value placed against the pension funds.

Payment performance

The Late Payment of Commercial Debts (Interest) Act 1998, which came into force on 1 November 1998, requires colleges, in the absence of agreement to the contrary, to make payments to suppliers within 30 days of either the provision of goods or services or the date on which the invoice was received. The target set by the Treasury for payment to suppliers within 30 days is 95%. During the accounting period 1 August 2008 to 31 July 2009, the College paid 96.5% of its invoices within 30 days. The College incurred no interest charges in respect of late payment for this period.

Staff and Student Involvement

The College considers good communication with its staff to be very important, and to this end it publishes a regular newsletter, which is available to all staff. The College encourages staff and student involvement through membership of formal committees.

Taxation

The College's activities are not subject to Corporation Tax. See accounting policies for further clarification.

Going Concern

Despite of the impact on the college Income and expenditure reserves resulting from FRS17 adjustments and capital write off due to the change in Learning & Skills Council policy which has resulted in the a deficit balance the college recognises that the pension liability will crystallise in the future and on that basis will be able to meet both short and long term liabilities. Long term plans have been implemented to address the deficit including an increase of employer contributions.

RESOURCES

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

Tangible resources include the main college site, Studio One, Alchemy Centre, Studios 2&3 and the partially complete Centre for Construction.

Financial

The College has £7,969,000 of net assets (including £3,275,000 pension liability) and long term debt of £4,970,000.

People

The College employs 307 people (expressed as full time equivalents), of whom 143 are teaching staff.

Reputation

The College has a good reputation locally and nationally. Maintaining a quality brand is essential for the College's success at attracting students and external relationships.

Operating and Financial Review (continued)

PRINCIPAL RISKS AND UNCERTAINTIES:

The College has undertaken further work during the year to develop and embed the system of internal control, including financial, operational and risk management which is designed to protect the College's assets and reputation.

Based on the strategic plan, the Risk Management Group undertakes a comprehensive review of the risks to which the College is exposed. They identify systems and procedures, including specific preventable actions which should mitigate any potential impact on the College. The internal controls are then implemented and the subsequent year's appraisal will review their effectiveness and progress against risk mitigation actions. In addition to the annual review, the Risk Management Group will also consider any risks which may arise as a result of a new area of work being undertaken by the College.

A risk register is maintained at the College level which is reviewed at least annually by the Audit Committee and more frequently where necessary. The risk register identifies the key risks, the likelihood of those risks occurring, their potential impact on the College and the actions being taken to reduce and mitigate the risks. Risks are prioritised using a consistent scoring system.

This is supported by a risk management training programme to raise awareness of risk throughout the College.

Outlined below is a description of the principal risk factors that may affect the College. Not all the factors are within the College's control. Other factors besides those listed below may also adversely affect the College.

1. Government funding

The College has considerable reliance on continued government funding through the LSC and HEFCE. In 2008/09, 80% of the College's revenue was ultimately public funded and this level of requirement is expected to continue. There can be no assurance that government policy or practice will remain the same or that public funding will continue at the same levels or on the same terms.

The College is aware of two issues which may impact on future funding,

- The LSC is introducing a new demand led funding system to apply to FE colleges and other providers in respect of adult provision from August 2008. The funding methodology applies a series of factors such as guided learning hours and success rates to calculate an amount of funding to be received for each learner.
- The government is reviewing its priorities for the adult skills sector following the Leitch report into the skills needed for the UK to compete in the global economy.
- The "Machinery of Government" changes expected to come into force from April 2010 which will see the LSC dissolved and replaced with successor agencies such as the Young Persons Learning Agency (part of the DCSF) and the Skills Funding Agency (part of the DIUS)

This risk is mitigated in a number of ways:

- Funding is derived through a number of direct and indirect contractual arrangements
- By ensuring the College is rigorous in delivering high quality education and training
- Considerable focus and investment is placed on maintaining and managing key relationships with the various funding bodies
- Ensuring the College is focused on those priority sectors which will continue to benefit from public funding.
- Regular dialogue with the local LSC

2. Tuition fee policy

The LSC intend to raise individual contributions. Ministers have confirmed that the fee assumption will increase to 42.5% in 2008/09, 47.5% in 2009/10 and 50% in 2010/11. In line with the majority of other colleges, Great Yarmouth College will increase tuition fees in accordance with the rising fee assumptions. The price elasticity of adult learning is not yet fully understood. The risk for the College is that demand falls off as fees increased. This will impact on the growth strategy of the College

Operating and Financial Review (continued)

2. Tuition fee policy (cont)

This risk is mitigated in a number of ways:

- By ensuring the College is rigorous in delivering high quality education and training, thus ensuring value for money for students
- Close monitoring of the demand for courses as prices change

3. Maintain adequate funding of pension liabilities

The financial statements report the share of the pension scheme deficit on the College's balance sheet in line with the requirements of FRS 17.

STAKEHOLDER RELATIONSHIPS

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

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

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

Equal Opportunities and Employment of Disabled Persons

Great Yarmouth 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's Equal Opportunities Policy, including its Race Relations and Transgender Policies, is published on the College's internet site.

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. An equalities plan is published each year and monitored by managers and Governors.

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 and 2005, and in particular makes the following commitments:

- a) as part of the redevelopment of the buildings it is installing lifts and ramps so that eventually most of the facilities will allow access to people with a disability;
- b) there is a list of specialist equipment, such as lighting or audio facilities, which the College can make available for use by students;
- c) 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;

Operating and Financial Review (continued)

Disability Statement continued

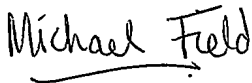
- d) the College has made a significant investment in the appointment of specialist lecturers to support students with learning difficulties and/or disabilities. There are a number of student support assistants who can provide a variety of support for learning. There is a continuing programme of staff development to ensure the provision of a high level of appropriate support for students who have learning difficulties and/or disabilities;
- e) specialist programmes are described in programme information guides, and achievements and destinations are recorded and published in the standard College format;
- f) counselling and welfare services are described in the College charter.

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.

Approved by order of the members of the Corporation on 24 November 2009 and signed on its behalf by:

Dr Michael Field



Chairman

Professional Advisers

Financial Statement Auditors: RSM Bentley Jennison, Cedar House, Breckland, Linford Wood, Milton Keynes MK14 6EX	Internal Auditors: Scrutton Bland Sanderson House Museum Street Ipswich Suffolk IP1 1HE
Bankers: Lloyds TSB Bank Plc 41, Prince of Wales Road Norwich Norfolk NR1 1BL	Solicitors: Norfolk County Council Martineau Lane County Hall Norwich Norfolk NR2 1NH

Great Yarmouth College of Further Education Annual Report & Financial Statements 2008/09

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 2009.

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 Table 2.

Table 2. Governors serving on the College Board during 2008/09.

Name	Date of appointment	Term of office	Date of resignation	Status of appointment	Committees served
Cherry Crowley	17.03.09	4 years		Independent member	Remuneration – Chair, CSQ
Mike Field	18.09.08	4 years		Independent member	CSQ Chair, Search Chair, EPF
John Fraser	18.05.07	4 years	31.08.09	Staff	CSQ
Michael Harvey	14.05.07	4 years		Independent member	Audit-Chair
John Mannell	27.11.07	4 years		Independent member	Estates – Chair, CSQ, Remuneration
Mary Lovewell-Blake	01.10.08	4 years		Independent member	Audit, CSQ, Search
Ian McCreadie	13.03.05	4 years		Independent member	CSQ, Remuneration
Richard Packham	19.09.07	4 years		Independent member	Search, Audit
Robin Parkinson	01.09.93			Principal	EPF, Search
Alan Price	01.10.08	4 years		Independent member	EPF-Chair, Remuneration
Brian Shreeve	20.3.07	4 years		Independent member	Audit
Sam Sirdar	21.11.06	4 years		Independent member	Estates
Susan Robertson	15.01.08	4 years		Independent member	EPF, Estates
Bruce Sturrock	11.08.06	4 years		Independent member	EPF
Pat Taylor	14.11.04	4 years	14.11.08	Staff	
Peter Thompson	15.05.07	4 Years		Staff	Estates
Trevor Wainwright	16.03.06	4 years		Independent member	Remuneration
Heidi Shorrocks	25.11.08	4 years		Staff Member	
Jessie Clark	25.11.08	1 year	31.07.09	Student Member	
Jedda Smith	25.11.08	1 year		Student Member	
Charles Wilderspin	16.03.06	4 years		Independent member	EPF
Mr. R. Sandall, a retired senior police officer, 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 each term.

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 and General Purposes, Remuneration, Search, Curriculum Service & Quality, Estates 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:

Great Yarmouth College
Southtown
Great Yarmouth
Norfolk
NR31 0ED

Web address: www.gyc.ac.uk

Statement of Corporate Governance and Internal Control (continued)

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 compliance with all applicable procedures and regulations. 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 judgement.

There is a clear division of responsibility in that the roles of the Chair and Principal 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 comprised of four members, 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 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 2009, the College's remuneration committee comprised five members. 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 2009 are set out in note 8 to the financial statements.

Audit Committee

The audit committee comprises of 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 on a termly basis and provides a forum for reporting by the College's internal and financial statements auditors, who have access to the Committee for independent discussion, without the presence of College management. 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 plan of input and report their findings to management and the Audit Committee. Management is responsible for the implementation of agreed recommendations and internal audit undertake periodic follow up reviews to ensure that 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.

Statement of Corporate Governance and Internal Control (continued)

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 he is personally responsible, in accordance with the responsibilities assigned to him in the Financial Memorandum between Great Yarmouth College and the Learning and Skills Council (LSC). He 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 Great Yarmouth College for the year ended 31 July 2009 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 2009 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; and
- the adoption of formal project management disciplines, where appropriate.

Great Yarmouth 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 minimum annually, the Head of Internal Audit (HIA) provides the governing body with a report on internal audit activity in the College. The report includes the HIA's independent opinion on the adequacy and effectiveness of the College's system of risk management, controls and governance processes.

Statement of Corporate Governance and Internal Control (continued)

Review of effectiveness

As Accounting Officer, the Principal has responsibility for reviewing the effectiveness of the system of internal control. His 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.

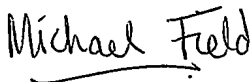
The Principal has been advised on the implications of the result of his review of the effectiveness of the system of internal control by the audit committee which oversees the work of the internal auditor, and a plan to address weaknesses and ensure continuous improvement of the system is in place.

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 25 November 2008 meeting, the Corporation carried out the annual assessment for the year ended 31 July 2009 by considering documentation from the senior management team and internal audit, and taking account of events since 31 July 2009.


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 24 November 2009 and signed on its behalf by:



Dr Michael Field
Chairman



Mr Robin Parkinson
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 with the Accounts Direction issued by the Learning and Skills Council, 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.

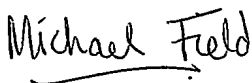
The Corporation is also required to prepare a Members Report which describes what it is trying to do and how it is going about it, including the legal and administrative status of the College.

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.

The maintenance and integrity of the College website is the responsibility of the Corporation of the College; 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.

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 24 November 2009 and signed on its behalf by:



Dr Michael Field
Chairman

Great Yarmouth College of Further Education Annual Report & Financial Statements 2008/09

Independent auditor's report to the Corporation of Great Yarmouth College

We have audited the financial statements of Great Yarmouth College for the year ended 31 July 2009 which comprise the income and expenditure account, the balance sheet, the cash flow statement, the statement of total recognised gains and losses and the related notes. These financial statements have been prepared under the historical cost convention as modified by the revaluation of certain fixed assets 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 Corporation 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 Accounts Direction issued by the Learning and Skills Council, the 2007 Statement of Recommended Practice – Accounting for Further and Higher Education, applicable law, 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 our 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 United Kingdom Generally Accepted Accounting Practice, of the state of affairs of the College as at 31 July 2009 and of the College's deficit of expenditure over income for the year then ended, and
- The financial statements have been properly prepared in accordance with the 2008/09 Accounts Direction issued by the Learning and Skills Council and the 2007 Statement of Recommended Practice – Accounting for Further and Higher Education.

RSM Bentley Jennison
Chartered Accountants and Registered Auditors

RSM Bentley Jennison

Cedar House
Breckland
Linford Wood
Milton Keynes
MK14 6EX

Date *3 December 2009*

Independent Auditors' Report on Regularity to the Corporation of Great Yarmouth College ('the Corporation') and the Learning and Skills Council ('the LSC')

In accordance with the terms of our engagement letter dated 1 September 2009 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 and income of Great Yarmouth College ('the College') for the year ended 31 July 2009 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 Great Yarmouth College and Auditors

The College's Corporation is responsible, under the requirements of the Further & Higher Education Act 1992, subsequent legislation and related regulations, for ensuring that expenditure and income 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 and income for the year ended 31 July 2009 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 and income for the year ended 31 July 2009 have been applied to purposes intended by Parliament and the financial transactions conform to the authorities which govern them.

RSM Bentley Jennison

RSM Bentley Jennison
Chartered Accountants and Registered Auditors

Cedar House
Breckland
Linford Wood
Milton Keynes
MK14 6EX

Date *3 December 2009*

Income and Expenditure Account for the year ended 31 July 2009

	Notes	Year ended 31 July 2009	Year ended 31 July 2008
		£000's	£000's
Income			
Funding council income	2	11,376	11,224
Tuition fees and education contracts	3	962	993
Research grants and contracts	4	762	581
Other income	5	1,008	1,044
Endowment and Investment income	6	17	145
Total Income		14,125	13,987
Expenditure			
Staff costs	7	9,644	9,274
Other operating expenses	9	3,375	3,342
Depreciation	12	882	875
Interest and other finance costs	10	275	102
Total Expenditure		14,176	13,593
(Deficit)\Surplus on continuing operations after depreciation of tangible fixed assets at valuation and before tax		(51)	394
Property Strategy Costs		(1,478)	-
Grant Support for Property Strategy Costs		914	-
		(615)	394
Loss on disposal of assets		(9)	(1)
(Deficit)\Surplus on continuing operations after depreciation of tangible fixed assets at valuation and disposal of assets but before tax		(624)	393
Taxation	11	-	-
(Deficit)\Surplus on continuing operations after depreciation of assets at valuation, disposal of assets and tax		(624)	393

The income and expenditure account is in respect of continuing activities

There were no operations that were acquired or discontinued by Great Yarmouth College during the year.

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Statement of Total Recognised Gains and Losses for the year ended 31 July 2009

	Notes	Year ended 31 July 2009 £000's	Year ended 31 July 2008 £000's
(Deficit)\Surplus on continuing operations after depreciation of assets at valuation and disposal of assets and tax		(624)	393
Actuarial loss in respect of pension scheme	25	(2,074)	(869)
Total recognised losses since last report		<u>(2,698)</u>	<u>(476)</u>
Reconciliation			
Opening reserves and endowments		2,982	3,455
Total recognised losses for the year		(2,698)	(476)
Increase in restricted reserves		13	3
Closing reserves and endowments		<u>297</u>	<u>2,982</u>

Statement of Historical Cost Surpluses and Deficits for the year ended 31 July 2009

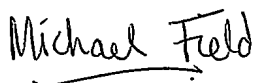
	Notes	Year ended 31 July 2009 £000's	Year ended 31 July 2008 £000's
(Deficit)\Surplus on continuing operations before taxation		(624)	393
Difference between historical cost depreciation and the actual charge for the year calculated on the re-valued amount	18	155	154
Historical cost (deficit)\surplus for the year before taxation		<u>(469)</u>	<u>547</u>
Historical cost (deficit)\surplus for the year after taxation		<u>(469)</u>	<u>547</u>

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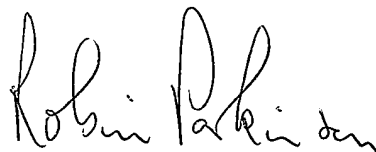
Balance Sheet as at 31 July 2009

	Notes	2009 £000's	2008 £000's
Tangible assets	12	<u>15,970</u>	<u>9,112</u>
Current assets			
Debtors	13	3,512	934
Cash at bank and in hand		<u>418</u>	<u>624</u>
		3,930	1,558
Creditors: amounts falling due within one year	14	<u>(3,422)</u>	<u>(1,195)</u>
Net current assets		<u>508</u>	<u>363</u>
Total assets less current liabilities		16,478	9,475
Creditors: amounts falling due after more than one year	15	(4,970)	(1,064)
Provisions for liabilities and charges	16	(266)	(265)
Net assets excluding pension liability		<u>11,242</u>	<u>8,146</u>
Net pension liability	25	<u>(3,275)</u>	<u>(1,165)</u>
Net assets including pension liability		<u><u>7,967</u></u>	<u><u>6,981</u></u>
Deferred capital grants	17	<u>7,670</u>	<u>3,999</u>
Revaluation reserve	18	1,505	1,660
Restricted reserve		27	14
General reserve	19	(1,235)	1,308
Total reserves		<u>297</u>	<u>2,982</u>
TOTAL		<u><u>7,967</u></u>	<u><u>6,981</u></u>

The financial statements on pages 16 to 33 were approved by the governing body on 24 November 2009 and were signed on its behalf by:-



Dr Michael Field
Chairman



Mr Robin Parkinson
Principal

Great Yarmouth College of Further Education Annual Report & Financial Statements 2008/09

Cash Flow Statement for the year ended 31 July 2009

	Notes	Year ended 31 July 2009 £000's	Year ended 31 July 2008 £000's
Cash flow from operating activities	20	2,502	65
Returns on investments and servicing of finance	21	(170)	11
Capital expenditure	22	(6,885)	(755)
Financing	23	4,347	(106)
Decrease in cash in the year	24	<u><u>(206)</u></u>	<u><u>(785)</u></u>

Reconciliation of net cash flow to movement in net funds

	Notes	Year ended 31 July 2009 £000's	Year ended 31 July 2008 £000's
Decrease in cash in the year		(206)	(785)
Net funds at 1 August		624	1,409
Net funds at 31 July		<u><u>418</u></u>	<u><u>624</u></u>

Notes to the Financial Statements for the Period from 1 August 2008 to 31 July 2009

1 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 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.

Recognition of income

The recurrent grant from HEFCE represents the funding allocations attributable to the current financial year and is credited direct to the income and expenditure account. LSC recurrent grants are recognised in line with best estimates for the period of what is receivable and depend on the particular income stream involved. Any under or over achievement for the LSC adult learner responsive funding element is adjusted for and reflected in the level of recurrent grant recognised in the income and expenditure account. The final grant income is normally determined with the conclusion of the year end reconciliation process with the LSC at the end of November following the year end. Employer responsive grant income is recognised based on a year end reconciliation of income claimed and actual delivery with the LSC. 16-18 learner-responsive funding is not normally subject to a reconciliation and is therefore not subject to contract adjustments.

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 payable by students or their sponsors, for example the National Health Service. 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. Income from specific endowments not expended in accordance with the restrictions of the endowment is transferred from the income and expenditure account to specific endowments.

Post retirement benefits

Retirement benefits to employees of the College are provided by the Teachers' Pension 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 (SERPS).

Contributions to the TPS are calculated 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 25, 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 actual cost of any enhanced ongoing pension to a former member of staff is 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 is charged in full to the College's income and expenditure account in the year that the member of staff retires. In subsequent years a charge is made to provisions in the balance sheet using the enhanced pension spreadsheet provided by the LSC.

1. Accounting policies (continued)

Tangible fixed assets

Land and buildings

Land and buildings inherited from the Local Education Authority (LEA) and buildings acquired since incorporation are stated in the balance sheet at valuation on the basis of depreciated replacement cost, as the open market value for existing use is not readily obtainable. Land and buildings acquired since incorporation are included in the balance sheet at cost. Freehold land is not depreciated. Freehold buildings are depreciated over a straight line basis over their expected useful economic life to the College of between 20 and 50 years. The College has a policy of depreciating major adaptations to buildings over the period of their useful economic life.

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.

Finance costs, which are directly attributable to the construction of land and buildings, are not capitalised as part of the cost of those assets.

A review for impairment of a fixed asset is carried out if events or changes in circumstances indicate that the carrying amount of any fixed asset may not be recoverable.

On adoption of FRS 15, the College followed the transitional provision to retain the book value of land and buildings, which were revalued in 1996, 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.

Assets under construction

Assets under construction are accounted for at cost, based on the value of architects' certificates and other direct costs, incurred to 31 July 2009. They are not depreciated until they are brought into use.

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 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

Buildings owned by third parties

Where land and buildings are used, but the legal rights are held by a third party, for example a charitable trust, they are only capitalised if the College has rights or access to ongoing future economic benefit. These assets are then depreciated over their expected useful economic life.

Equipment

Equipment costing less than £500 per individual item is written off to the income and expenditure account in the period of acquisition. All other equipment is capitalised at cost.

All assets are depreciated on a straight line basis over their useful economic life as follows:

Motor vehicles and general equipment	-	seven and five years;
Computer equipment	-	four years;
Furniture and fittings	-	seven and five years.

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. Accounting policies (continued)

Leased assets

Costs in respect of operating leases are 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 from funding council capital equipment grants, the associated assets are designated as grant-funded assets.

Maintenance of premises

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

Taxation

The College is an exempt charity within the meaning of schedule 2 of the Charities Act 1993 as amended by the Charities Act 2006 and as such is a charity within the meaning of section 506(1) of the Income and Corporation Taxes Act 1988 (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 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 Value Added Tax. 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.

Liquid resources

Liquid resources include sums on short-term deposits with recognised banks, building societies and government securities.

Provisions

Provisions are recognised when the College has a present legal or constructive obligation as a result of a past event and 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 LSC and subsequent disbursements to students are excluded from the Income and Expenditure account and are shown separately in Note 29, except for the 5% of the grant received which is available to the College to cover administration costs relating to the grant. The College employs one member of staff dedicated to the administration of Learner Support Fund applications and payments.

Great Yarmouth College of Further Education Annual Report & Financial Statements 2008/09

2 Funding Council Income

	LSC	HEFCE	Year ended 31 July 2009 £000's	Year ended 31 July 2008 £000's
	£000's	£000's		
Recurrent grant	8 935	481	9,416	9,630
Work Based Learning	1 034	-	1,034	849
Train to Gain	589	-	589	220
Releases of deferred capital grants	101	-	101	179
ESF Co-Financing	-	-	-	13
Other\Local Initiative Funds	236	-	236	333
	10,895	481	11,376	11,224

3 Tuition Fees and Education Contracts

	Year ended 31 July 2009 £000's	Year ended 31 July 2008 £000's
UK Higher Education students	254	238
UK Further Education students	274	242
	528	480
Other contracts	23	108
Other contracts - LEA & Schools	246	245
Other contracts - Full Cost	165	160
	962	993

4 Research Grants and Contracts

	Year ended 31 July 2009 £000's	Year ended 31 July 2008 £000's
Objective 2 - Office of the Deputy Prime Minister (ODPM)	36	332
On Site Assessment and Training (OSAT)	150	134
Other	576	115
	762	581

5 Other Income

	Year ended 31 July 2009 £000's	Year ended 31 July 2008 £000's
Residencies, catering and conferences	355	346
Releases from deferred capital grants (non Funding Council)	141	86
Nursery Income	221	227
Field Trips	22	36
Retail Services	118	131
Other income	151	218
	1,008	1,044

6 Endowment and Investment Income

	Year ended 31 July 2009 £000's	Year ended 31 July 2008 £000's
Pension finance income (note 25)	-	71
Other interest receivable	17	74
	17	145

7 Staff Costs

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

	Year ended 31 July 2009 Number	Year ended 31 July 2008 Number
Teaching departments - teaching staff	143	139
Teaching departments - other staff	17	19
Teaching support services	2	3
Other support services	45	41
Administration and central services	67	63
Premises	12	12
Catering & Residences	10	10
Other Income Generating Activities	11	10
	307	297

Staff costs for the above persons:

	Year ended 31 July 2009 £000's	Year ended 31 July 2008 £000's
Wages and salaries	8 096	7,780
Social security costs	555	529
Other pension costs (including FRS 17 adjustments -£28,000 (2007/08 £88,000))	954	919
Staff restructuring costs	39	46
	9,644	9,274

Teaching departments	5 218	4,945
Teaching departments -other staff	356	399
Teaching support services	66	121
Other support services	1 425	1,249
Administration and central services	1 850	1,805
Premises	296	332
Catering and residences	202	204
Other Income Activities (Nursery)	192	173
Staff restructuring costs	39	46
Total	9,644	9,274

	Year ended 31 July 2009 £000's	Year ended 31 July 2008 £000's
Employment costs for staff on permanent contracts	8,593	8,231
Employment costs for staff on short-term and temporary contracts	1,065	997
Staff restructuring costs	39	46
	9,697	9,274

7 Staff Costs (continued)

The number of staff, including senior post-holders and the principal, who received emoluments in the following ranges was:

	Year ended 31 July 2009		Year ended 31 July 2008	
	Number senior post-holders	Number other Staff	Number senior post-holders	Number other Staff
£ 60,001 to £ 70,000	-	-	-	-
£ 70,001 to £ 80,000	1	-	1	-
£ 80,001 to £ 90,000	2	-	2	-
£ 90,001 to £ 100,000	1	-	1	-
	<u>4</u>	<u>-</u>	<u>4</u>	<u>-</u>

A general pay award of 3.2% was made with effect from 1 October 2008

8 Senior Post-holders' Emoluments

Senior post-holders are defined as the Principal (or Chief Executive) and holders of the other senior posts whom the Board have selected for the purposes of the articles of government of the institution relating to the appointment and promotion of staff who are appointed by the Governing Body.

	Number 2009	Number 2008
The number of senior post-holders including the principal was:	5	5
	Year ended 31 July 2009	Year ended 31 July 2008
	£	£
Salaries	353,062	339,592
Benefits in kind	-	-
Pension contributions	36,720	36,417
Total emoluments	<u>389,782</u>	<u>376,009</u>

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

	Year ended 31 July 2009	Year ended 31 July 2008
	£	£
Salary	99,420	96,359
Pension contributions	10,686	10,472
Total	<u>110,106</u>	<u>106,831</u>

The pension contributions in respect of the Principal and senior post-holders are in respect of employer's contributions to the Teachers Pension Scheme and are paid at the same rate as for other employees.

The members of the corporation other than the principal and the staff member did not receive any payment from the institution other than the reimbursement of travel and subsistence expenses incurred in the course of their duties.

The salaries of senior post-holders, including the Principal and other higher paid staff were reviewed at a meeting of the Corporation on the 13 January 2009. Individual pay awards were based on performance, market forces and retention criteria.

8 Senior Post-holders' Emoluments (continued)**Overseas activities**

No costs were incurred during the year ended 31 July 2009 in respect of overseas activities.

9 Other Operating Expenses

	Year ended 31 July 2009 £000's	Year ended 31 July 2008 £000's
Teaching departments	848	808
Teaching support services	262	235
Other support services	364	247
Administration and general services	758	1,036
Premises costs - Running costs	685	593
- Maintenance	73	65
- Rents & leases	144	127
Planned maintenance	26	8
Other income generating activities - Refectory	184	195
Catering and residence operations - Nursery	23	15
Other expenses	8	13
Total	3,375	3,342

Other operating expenses include:

	Year ended 31 July 2009 £000's	Year ended 31 July 2008 £000's
Auditors' remuneration:		
financial statements audit	18	18
internal audit	24	23
other services from either external or internal audit	-	-
Operating Lease - Land & Building	96	84

10 Interest payable

	Year ended 31 July 2009 £000's	Year ended 31 July 2008 £000's
Loan interest	185	65
Notional interest on enhanced pension provision	90	37
Total	275	102

11 Taxation

The College was not liable for any Corporation Tax arising out of its activities during the year.

12 Tangible Fixed Assets

	Freehold Land and Buildings £000's	Computers £000's	Equipment £000's	Total £000's
At 1 August 2008	12,231	1,026	1,823	15,080
Additions	8,756	188	283	9,227
Disposals	(1,478)	(32)	(106)	(1,616)
At 31 July 2009	19,509	1,182	2,000	22,691
Depreciation				
At 1 August 2008	3,902	710	1,356	5,968
Charge for year	517	154	211	882
Eliminated in respect of disposals	-	(32)	(97)	(129)
At 31 July 2009	4,419	832	1,470	6,721
Net book value at 31 July 2009	15,090	350	530	15,970
Net book value at 1 August 2008	8,329	316	467	9,112
Inherited	1,505	-	-	1,505
Financed by capital grant	7,191	56	116	7,363
Other	6,394	293	415	7,102
Net book value at 31 July 2008	15,090	349	531	15,970

The transitional rules set out in FRS 15 Tangible Fixed Assets have been applied on implementing FRS15. Accordingly, the book values at implementation have been retained.

Inherited land and buildings were valued for the purpose of the 1994 financial statements at depreciated replacement cost by a firm of independent chartered surveyors. Other tangible fixed assets inherited from the Local Education Authority at incorporation have been valued by the corporation. If inherited land and buildings had not been revalued they would have been included at a cost of nil.

The net book value of tangible fixed assets includes an amount of £220,056 (2007/08 £183,442) in respect of assets held under finance leases. The depreciation charge on these assets for the year was £107,157 (2007/08 £72,766).

Cost	£'s
Aggregate depreciation based on cost	397,430
	177,374
	220,056

13 Debtors

	Year ended 31 July 2009 £000's	Year ended 31 July 2008 £000's
Amounts falling due within one year		
Trade debtors	218	190
Other debtors	3	2
Prepayments and accrued income	313	337
Amounts owed by the LSC	2 978	405
	3,512	934

14 Creditors: Amounts Falling Due Within One Year

	Year ended 31 July 2009 £000's	Year ended 31 July 2008 £000's
Bank loans & overdrafts	584	70
Payments received in advance	64	42
Trade creditors	662	155
Obligations under finance leases	117	72
Other taxation and social security	263	265
Accruals	1 732	591
	3,422	1,195

Great Yarmouth College of Further Education Annual Report & Financial Statements 2008/09

15 Creditors: Amounts Falling Due After One Year

	Year ended 31 July 2009 £000's	Year ended 31 July 2008 £000's
Bank Loan	4 890	985
Obligations under finance leases	80	79
	<u>4,970</u>	<u>1,064</u>

Included in the above are amounts falling due as follows:

Between one and two years	704	144
Between two and five years	619	230
Over five years	3 647	690
	<u>4,970</u>	<u>1,064</u>

16 Provisions for Liabilities and Charges - Provision for Voluntary Early Retirement

£000's

At 1 August 2008	265
Expenditure in the year	(25)
Transferred from income and expenditure account	26
At 31 July 2009	<u>266</u>

The principal assumptions for this calculation are:

	2009	2008
Price inflation	3.02%	3.92%
Discount rate	1.78%	2.00%

17 Deferred Capital Grants

	LSC/FEFC Grant £000's	Other grants £000's	Total £000's
At 1 August 2008			
Land and buildings	1,432	2,406	3,838
Equipment	127	34	161
Cash received			
Land and buildings	1,842	500	2,342
Equipment	-	-	-
Debtor reduction			
Land and buildings	2,372	-	2,372
Equipment	-	-	-
Released to income and expenditure account			
Land and buildings	(45)	(138)	(183)
Equipment	(39)	(21)	(60)
Accelerated release of capital grant (note 31)	(800)		(800)
At 31 July 2009	<u>4,889</u>	<u>2,781</u>	<u>7,670</u>
Comprising			
Land and buildings	4,801	2,768	7,569
Equipment	88	13	101
Total	<u>4,889</u>	<u>2,781</u>	<u>7,670</u>

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18 Revaluation Reserve	Year ended 31 July 2009 £000's	Year ended 31 July 2008 £000's
At 1 August 2008	1,660	1,814
Depreciation on the surplus on the revalued assets	(155)	(154)
At 31 July 2009	<u>1,505</u>	<u>1,660</u>

19 Movement on General Reserves	Year ended 31 July 2009 £000's	Year ended 31 July 2008 £000's
Income and Expenditure Account		
At 1 August 2008	1,308	1,630
(Deficit)\Surplus retained for the year	(624)	393
Transfer from revaluation reserve	155	154
Actuarial loss in respect of pension scheme	(2,074)	(869)
At 31 July 2009	<u>(1,235)</u>	<u>1,308</u>
Balance represented by:		
Pension reserve	(3,275)	(1,165)
Income and expenditure reserve excluding pension reserve	2,040	2,473
At 31 July 2009	<u>(1,235)</u>	<u>1,308</u>

20 Reconciliation of Consolidated Operating Surplus to Net Cash Inflow from Operating Activities

	Year ended 31 July 2009 £000's	Year ended 31 July 2008 £000's
(Deficit)\Surplus on continuing operations after depreciation of assets at valuation	(60)	394
Depreciation (note 12)	882	875
Deferred capital grants released to income (note 2, 5 & 17)	(242)	(265)
Interest payable (note 10)	275	102
Pension cost less contributions payable (notes 7,10 and 25)	10	17
Loss on disposal of fixed assets	9	1
(Increase) in debtors	(2,578)	(607)
Increase\Decrease) in creditors	1,837	(629)
Increase in provisions	1	13
Increase in restricted reserves	13	3
Interest receivable (note 6)	(17)	(74)
Decrease in Capital Grant Debtor (Note 17)	2,372	235
Net cash inflow from operating activities	<u>2,502</u>	<u>65</u>

21 Returns on Investments and Servicing of Finance	Year ended 31 July 2009 £000's	Year ended 31 July 2008 £000's
Other interest received	15	76
Interest paid	(185)	(65)
Net cash (outflow)\inflow from returns on investment and servicing of finance	<u>(170)</u>	<u>11</u>

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22 Capital Expenditure and Financial Investment

	Year ended 31 July 2009 £000's	Year ended 31 July 2008 £000's
Purchase of tangible fixed assets	(9,227)	(1,849)
Proceeds from sale of fixed assets	-	1
Deferred capital grants received	2,342	1,093
Net cash outflow from capital expenditure and financial investment	(6,885)	(755)

23 Financing

	Year ended 31 July 2009 £000's	Year ended 31 July 2008 £000's
Debt due beyond a year:		
New unsecured loans repayable by 2034	4,500	-
Repayment of amounts borrowed	(153)	(106)
Net cash inflow\outflow) from financing	4,347	(106)

24 Analysis of Changes in Net Funds

	At 1 August 2008 £000's	Cashflows £000's	Other changes £000's	At 31 July 2009 £000's
Cash in hand, and at bank	624	(206)	-	418
Debt due within 1 year	(70)	(514)	-	(584)
Debt due after 1 year	(985)	(3,905)	-	(4,890)
Finance leases	(151)	(46)	-	(197)
Total	(582)	(4,671)	-	(5,253)

25 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 Norfolk County Council. Both are defined benefit schemes.

Total pension cost for the year

	Year ended 31 July 2009 £000	Year ended 31 July 2008 £000
Teachers Pension Scheme: contributions paid	576	567
Local Government Pension Scheme:		
Contributions paid	381	375
FRS17 charge	82	88
Total Pension Cost for Year	1,039	1,030

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. There were no outstanding or prepaid contributions at either the beginning or the end of the financial year.

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 purposes of determining contribution rates.

The pensions cost is 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	31 March 2004
Actuarial method	Prospective Benefits
Investment returns per annum	6.5% per annum
Salary scale increases per annum	5.0% per annum
Market value of assets at date of last valuation	£162,650 million
Proportion of members' accrued benefits covered by the actuarial value of the assets	98.88%

25 Pension and similar obligations (continued)

Teachers' Pension Scheme (Continued)

Following the implementation of 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 was 14.1%. The employee rate was 6.4% for the same period. An appropriate provision in respect of unfunded pensioners' benefits is included in provisions.

FRS 17

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 a defined contribution scheme. The College has set out above the information available on the deficit in the scheme and the implications for the College in terms of the anticipated contribution rates.

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 31 July 2009 was £528,692 of which employers contributions totalled £356,732 and employees contributions totalled £171,860. The agreed contribution rates for future years are 13.5% for employers and 6% for employees.

FRS 17

Principal Actuarial Assumptions

	At 31 July 2009	At 31 July 2008
Rate of increase in salaries	5.20%	5.30%
Rate of increase for pensions/Inflation	3.70%	3.80%
Discount rate for scheme liabilities	6.00%	6.70%
Commutation of pensions to lump sums	50.00%	50.00%

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	19.6	19.6
Females	22.5	22.5
Retiring in 20 years		
Males	20.7	20.7
Females	23.6	23.6

The assets in the scheme and the expected rates of return were:

	Long-term rate of return expected at 31 July 2009	Value at 31 July 2009 £000	Long-term rate of return expected at 31 July 2008	Value at 31 July 2008 £000
Equities	7.3%	3,774	7.8%	3,806
Bonds	5.3%	1,179	5.7%	1,119
Property	5.3%	472	5.7%	777
Cash	4.3%	472	4.8%	413
Total Market Value of assets		5,897		6,115
Present value of scheme liabilities		(9,172)		(7,280)
Related deferred tax liability		-		-
Deficit in the scheme		(3,275)		(1,165)

Analysis of the amount charged to income and expenditure account

	Year ended 31 July 2009 £000's	Year ended 31 July 2008 £000's
Service cost	353	380
Past service cost	-	83
Total operating charge	<u>353</u>	<u>463</u>

Analysis of pension finance income \ (costs)

Expected return on pension scheme assets	435	473
Interest on pension liabilities	(499)	(402)
Pension finance (costs) \ income	<u>(64)</u>	<u>71</u>

25 Pension and similar obligations (continued)**Local Government Pension Scheme (continued)****Amount recognised in the statement of total recognised gains and losses (STRGL)**

Actual return less expected return on pension scheme assets	(1,029)	(1,071)
Experience gains and losses arising on the scheme liabilities	-	-
Change in financial and demographic assumptions underlying the scheme liabilities	(1,045)	202
Actuarial gain / (loss) recognised in STRGL	<u>(2,074)</u>	<u>(869)</u>

Movement in (deficit)\surplus during year

(Deficit) in scheme at 1 August 2008	(1,165)	(279)
Movement in year:		
Current service charge	(353)	(380)
Employer contributions	381	375
Past service costs	-	(83)
Net interest \ return on assets	(64)	71
Actuarial loss	(2,074)	(864)
Losses\ (Gains) on Curtailment and Settlement	-	(5)
(Deficit) in scheme at 31 July 2009	<u>(3,275)</u>	<u>(1,165)</u>

Asset and Liability Reconciliation**Reconciliation of Liabilities**

	Year ended 31 July 2009 £000's	Year ended 31 July 2008 £000's
Liabilities at 1 August 2008	7,280	6,711
Service cost	353	380
Interest cost	499	402
Employee contributions	172	155
Experience gains and losses on scheme liabilities	-	-
Actuarial (gain)/loss	1,044	(253)
Benefits paid	(176)	(203)
Past Service cost	-	83
Curtailments and settlements	-	5
Liabilities at 31 July 2009	<u>9,172</u>	<u>7,280</u>

Reconciliation of Assets

	Year ended 31 July 2009 £000's	Year ended 31 July 2008 £000's
Assets at 1 August 2008	6,115	6,432
Expected return on assets	435	473
Actuarial gain\ (loss)	(1,030)	(1,117)
Employer contributions	381	375
Employee contributions	172	155
Benefits paid	(176)	(203)
Assets at 31 July 2009	<u>5,897</u>	<u>6,115</u>

25 Pension and similar obligations (continued)**Local Government Pension Scheme (continued)**

History of experience gains and losses	Year ended 31 July 2009 £000's	Year ended 31 July 2008 £000's	Year ended 31 July 2007 £000's	Year ended 31 July 2006 £000's	Year ended 31 July 2005 £000's
Difference between the expected and actual return on assets: % of scheme assets	(1,029) (17.4%)	(1,071) (17.5%)	248 3.9%	416 7.7%	556 12.7%
Experience gains and losses on scheme liabilities: % of scheme liabilities	(3) (0.0%)	(93) (1.3%)	- 0.0%	(12) (0.2%)	(106) (1.9%)
Total amount recognised in STRGL % of scheme liabilities	(2,074) (22.6%)	(869) (11.9%)	802 12.0%	164 2.5%	(37) (0.7%)

26 Capital Commitments

	As at 31 July 2009 £000's	As at 31 July 2008 £000's
Commitments contracted	<u>1,005</u>	<u>103</u>
Authorised but not contracted	<u>166</u>	<u>304</u>

27 Financial commitments

The College had annual commitments under non-cancellable operating leases as follows

	As at 31 July 2009 £000's	As at 31 July 2008 £000's
Land & Buildings expiring within two to five years inclusive	<u>58</u>	<u>78</u>

28 Related Party Transactions

During 2008\2009 no transactions took place with related parties (nil to 2007\08)

29 Access Funds

	Year ended 31 July 2009 £000's	Year ended 31 July 2008 £000's
Learning + Skills Council grants	134	152
Interest earned	-	2
	<u>134</u>	<u>154</u>
Disbursed to Students	(134)	(154)
Balance unspent at 31 July	<u>-</u>	<u>-</u>

LSC grants are available solely for students. In the majority of instances, the College only acts as a 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 the purchase of some equipment from the access fund and the payment of accommodation by the College on the student's behalf.