HIGHBURYCOLLEGE

Report and Financial Statements
For the year ended 31 July 2010

Contents

Operating and Financial Review

NATURE, OBJECTIVES AND STRATEGIES:

The members present their report and the audited financial statements for the year ended 31 July 2010.

Legal status

The Corporation was established under the Further and Higher Education Act 1992 for the purpose of conducting Highbury College. The College is an exempt charity for the purposes of the Charities Act 2006.

The Corporation was incorporated as Highbury College.

Mission

The College's mission, as approved by the Corporation is:

"To enable all our students to succeed."

Implementation of strategic plan

In December 2007 the Corporation approved a Strategic Plan for the period 1 January 2008 to 31 December 2010. This Strategic Plan is supported by an accommodation strategy and 10 year financial forecast. The Corporation monitors the performance of the College against the Strategic Objectives within the Plan. The Strategic Plan is reviewed and updated each year. Priorities established for the forthcoming year are published in the Corporate Operational Targets. The operational targets have performance measures.

The College's identified key objectives for 2008-2010 which are designed to place quality of the learners' experiences and standards of learners' attainment at the heart of the College's activities are:

1. High quality programmes (curriculum themes) leading to high quality qualifications.

2. Outstanding teaching and learning across the College.

3. Personalisation of programmes, teaching, learning and assessment (responsiveness to the needs of individual students, enabling them to make progress against targets).

4. Mission/vision focussed, values driven, leadership and management team that promotes a culture of excellence and matches the best in the sector.

Operating and Financial Review (continued)

Implementation of strategic plan (continued)

5. Outstanding teaching, support and services and be in the top 10% of Colleges.

6. Adding value to employers, community, industry and staff.

7. Qualified teachers and business support staff with world class skills.

9. College wide effective management of health and safety and environment that benefits learners and staff.

10. Generate sufficient annual surpluses to enable the significant investment in Property and Facilities necessary to support the core processes of the College.

11. A joined up College with IT enabled learning, seamless administrative process and College-wide management information.

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)

Financial objectives (continued)

The College's performance measured against the targets set for financial performance in 2009/10 were:

	Target	**Actual**
Days cash in hand	Minimum 15 days	58 days
Working Capital ratio	1.00	1.50
Payroll as a % of income	Between 60% and 70%	71%
Operating result before FRS 17	Breakeven over a reasonable period of time	£964k
Diversity of income	Ideally >30%, but not below 20%	20%
Long Term Debtors as a % of General Reserves	<100%	75%
Net cash inflow from operating Activities	>£1m	£1.36m

Performance indicators

Although the LSC and its successor organisations continue 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 LSC funding targets
- learner success rates
- teacher qualifications
- employer engagement

In 2009/10 the College met all its learner number targets with the exception of the target for apprenticeships where the College was under allocation by £100,000.

Operating and Financial Review (continued)

FINANCIAL POSITION

Financial Results

The College achieved the targets in all 7 of the performance measures. The operating result has been adjusted for the effects of FRS17, unadjusted the operating surplus is £964,000 (2008/09 £145,000). The general reserves have also been adjusted for FRS 17, unadjusted the general reserves are £11.579m and a cash surplus of £4.5m. The three year financial forecast submitted by the College as at 31 July 2010 indicates that the college should be classified by the LSC as a good College in terms of financial health.

Tangible fixed asset additions during the year amounted to £1.972m. This was split between land and buildings acquired of £1.276m and equipment purchased of £0.696m.

The College has significant reliance on the LSC and its successor organisations for its principal funding source, largely from recurrent grants. In 2009/10 the LSC and its successor organisations provided 80% of the College's total income.

The College has two subsidiary companies, Highbury College Property Services Ltd. and Highbury College (Portsmouth) Business Services Ltd. Highbury College (Portsmouth) Business Services Ltd did not trade during the year. Highbury College Property Services Ltd was used for the trade generated by the student accommodation block.

Treasury policies and objectives

Treasury management is the management of the College's cash flows and its banking, 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 College's Financial Memorandum previously agreed with the LSC and subsequently transferred to the Skills Funding Agency.

All other borrowing requires the authorisation of the Corporation and shall comply with the requirements of the Financial Memorandum of the SFA.

Cash flows

At £1.369 million (2008/09 £2.187 million), operating cash in flow was reasonably strong. The net cash inflow of £4m resulted largely from the receipts from the disposal of land for £8m, the repayment of loans of £6.6 million and the management of liquid resources of £2.8m.

Liquidity

Previously the College has drawn down secured loans of £7.8 million in order to help finance the new building at Highbury City of Portsmouth Centre of which £7.4m remains outstanding.

The size of the College's total borrowing has been calculated to ensure a reasonable cushion between the total cost of servicing debt and operating cashflow.

CURRENT AND FUTURE DEVELOPMENT AND PERFORMANCE

Student Numbers

In 2009/10 the College has delivered activity that has produced £18,294,000 in funding body main allocation funding (2008/09 – £18,674,000). In 2009/10 the College achieved the following student numbers:

	Target	Actual
16-18 Learners:	2,018	1,888
Adult Learners:	5,850	4,431

Student Achievements

In 2009/10 students achieved an estimated 91% of their qualification aims (in 2008/09 80%). The estimate is at the beginning of October 2010, there is some final achievements data to be processed.

Curriculum Developments

The College's Curriculum Strategy for 2008 – 2010 identifies key priorities that support growth for 2010; these are:

- An effective learner-centred model for the implementation of Qualification and Credit (QCF) is in place which provides flexibility and choice, and personalised learning opportunities for students aged 16-18 and adults.

- A Pre-16 curriculum which is responsive to and meets local needs, with clear progression routes to the four national 14-19 progression pathways: apprenticeships, Diplomas, and Foundation Learning.

- Relevant and responsive applied academic programmes at Levels 1, 2, and 3 support progression and success for students 16-19.

Operating and Financial Review (continued)

Curriculum Developments (continued)

- High quality skills based learning routes for young people age 16-19.
- Provision of flexible responsive programmes for employers and their employees.
- Develop flexible roll-on roll-off provision which caters for employability and Response to Redundancy (R2R) programmes and employed adults.
- Community provision is responsive to the needs of individuals and groups, engages local people in learning and supports progression.
- Provide flexible relevant learning opportunities for international students and organisations.
- Academies and bridging programmes are successful in increasing motivation, participation and success, and raising aspirations.

The College's Curriculum Strategy was successful in 2009/10 with respect to increasing participation by full time students aged 16 –18 on applied academic and vocational programmes. Although there was a small decline in overall student numbers for this cohort from 1915 to 1890 in 2009/10, the proportion of full time students increased. As a result of the growth in full time numbers, the College has achieved 103% of its funding target for the 16 -18 cohort. The College also increased the number of full time and part time students studying on Higher Education Funding Council for England (HEFCE) funded Foundation Degrees and Higher National Certificates and Diplomas.

Recruitment to Employer Responsive provision in 2009/10 was more mixed. For Train to Gain, we exceeded our target; however, we did not achieve our apprenticeship numbers for young people age 16-18 and adults aged 19-24 and 25+. The greatest shortfall in numbers was in adults age 19-24. Apprenticeships are now the responsibility of the Centre for Work Based Learning, whose new approach has resulted in recruitment in September 2010 that has already surpassed the total new starts for the whole 2009/10 year, with increases in Automotive Studies, Catering, Dental Nursing and Sports Studies. Apprenticeships have also been recruited to in Marine Engineering, Childcare, and Health & Social Care for the first time. Apprenticeship recruitment is down in Carpentry & Joinery, Plumbing, Electrical Installation and Hairdressing against the total recruited in 2009/10. Around one third of last year's apprenticeship starts occurred after Christmas, which leaves plenty of time to improve the picture even further. The Centre for Work Based Learning is continuing to focus on working with employers to increase apprenticeship numbers in these and other disciplines.

Operating and Financial Review (continued)

Curriculum Developments (continued)

The College has developed a flexible programme of training for people unemployed for six months or more and those at risk of redundancy which is managed by the Community College. This area of work is funded by the Skills Funding Agency; the Head of the Community College has forged a close working relationship with Job Centre Plus to provide training for unemployed people. The College provides flexible programmes in ICT delivered through the College's two Flexi centres; the Acting Head of the Community College works closely with other Heads of Department to provide flexible programmes in other subject areas, for example programmes in Health, Security Guarding, Construction, Business and Food Hygiene.

The College has a very successful track record in engaging young people who are not in employment, education or training (NEET). In addition to our very successful January start programmes, we have secured funding for a roll on roll of programme for the hardest to reach NEET young people and a programme for pregnant young women and parents to be. We are working closely with Portsmouth City Council, the integrated Youth Support Services and other local agencies to re engage the hardest to each groups.

The College continues to be very active in the Portsmouth Consortium and is the lead for the 14–16 Diplomas in: Hospitality; Construction; ICT; Business, Accounting & Finance and Travel & Tourism. We are also making a significant contribution to the delivery of 14-16 Diplomas in Engineering, Retail Business and Hair & Beauty. The College is a member of the Havant Consortium and is the lead for the introduction of the 14–16 Construction Diploma in Havant for September 2011.

The College's young apprenticeship programme in Automotive Studies for pupils from Portsmouth schools recruited well for September 2009, and all sixteen young people starting the programme have been retained and progressed to Year 2 of the programme in 2010. The College has had very favourable reports from schools participating in the programme. The College has secured a further group of young apprentices in Automotive Studies for September 2010 through a national commissioning exercise.

The College continues to play a key role in the development of Foundation Learning at a local, regional and national level, and will continue to do so. This role has involved working with a range of providers, including schools, through the Portsmouth 14-19 Consortium. The College has taken a lead in Foundation Learning, and we have presented the outcomes of our work at regional and national network events. We participated in a Learning and Skills Improvement Service (LSIS) national 157 Colleges project, and produced case studies and materials which will be published on the Excellence Gateway. The College's Foundation Learning programme for young people who are NEET features in a good practice case study by the Department for Children, Schools and Families (DCSF). In addition, the College has been selected by LSIS to be

Operating and Financial Review (continued)

Curriculum Developments (continued)

a Lead Practitioner for Literacy, Language and Numeracy; this will involve training staff from colleges and training providers.

The College will be focussing on further developing its curriculum framework to meet the requirements for unitised provision through the national Qualification and Credit Framework (QCF). Whilst it is expected that the QCF will be fully implemented nationally from December 2010, the funding of units of credit for students aged 16–18 is still being worked out. The College has been selected to be a lead provider for the LSIS QCF Readiness Programme. We will be leading a peer support network and running regional events.

Following on from the successful International Access Science programme for students from River State in Nigeria, twenty seven students from River State were recruited to an AS/A2 Science for Medicine programme at the College in 2009/10. The students are now studying for their A2 qualifications. Science, Maths, Engineering and Technology (STEM) subjects are an area of potential growth.

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 per cent. During the accounting period 1 August 2009 to 31 July 2010, the College paid 92 per cent of its invoices within 30 days. The College incurred no interest charges in respect of late payment for this period.

RESOURCES:

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

Tangible resources include the Highbury Campus, Highbury City of Portsmouth Centre and the Highbury Northarbour Centre.

Financial

The College has £39.3 million of net assets (including £10.2 million pension liability) and long term debt of £8.7 million.

Operating and Financial Review (continued)

People
The College employs 529 people (expressed as full time equivalents), of whom 178 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.

PRINCIPAL RISKS AND UNCERTAINTIES:

Based on the strategic plan, the Risk Management Group undertakes a comprehensive review of the risks to which the College is exposed. The group identifies systems and procedures, including specific preventable actions which should mitigate any potential negative impact on the College. The internal controls for managing risks deemed as medium and high are incorporated into annual risk management action plan. The effectiveness of the College's internal controls in managing the risks identified is monitored by the Audit Committee for risks deemed as high, and through the College Leadership Team's monthly Business Results meetings for those deemed as medium and high. A thorough appraisal is undertaken in the subsequent year of the existing risks and any emerging risks, for example, those arising from changes to national funding policy and/or local circumstances. In addition to the annual review, the Risk Management Group will also consider any risks which arise during the year, for example, as a result of a new area of work being undertaken by the College. These new risks will be added to the plan and submitted to Corporation for approval of the risk rating and the mitigating actions to mange the risk.

A risk register, covering low, medium and high level risks, is maintained at College level. The register is reviewed at least annually by the Corporation 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 as low, medium and high using a consistent scoring system.

The College's approach to risk management is supported by a risk management training programme which raises awareness of risk throughout the College. In addition, Heads of Department and Heads of Business Support Groups incorporate risk management in their self assessment reports and quality improvement plans.

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.

Operating and Financial Review (continued)

1 Government funding

The College has considerable reliance on continued government funding through the Skills Funding Agency, the Young People's Learning Agency (YPLA) and HEFCE. There is every likelihood that as a result of the Coalition Government's Comprehensive Spending Review, there will be further cuts in funding for further education.

The "Machinery of Government" changes which came into force from April 2010 and which saw the LSC dissolved and replaced with successor agencies such as the Young Peoples Learning Agency and the Skills Funding Agency (part of the DBIS) may have an impact on future funding.

This risk has and will be mitigated in a number of ways:

- Funding is derived through a number of direct and indirect contractual arrangements;
- By ensuring the College delivers high quality education and training;
- By maintaining outstanding success rates and good inspection outcomes;
- 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;
- Maintaining a wide range of partnerships that add value;
- Increasing our 16 -18 and apprenticeship numbers;
- Flexible and responsive processes and systems that enable the effective re-alignment of the curriculum to respond to the annual priorities from Government;
- Development of on line and blended delivery of programmes;
- Contingency planning embedded into the College budget process.

2 Tuition fee policy

The SFA intend to raise individual contributions to 50% in 2010/11. In line with the majority of other colleges, Highbury College will increase tuition fees in accordance with the rising fee assumptions. The price elasticity of adult learning indicates that demand for courses will decrease as fees are increased. This will impact on the growth strategy of the College.

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;
- A competitive pricing policy.

Operating and Financial Review (continued)

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.

4 Accommodation Strategy

With the completion of the redevelopment programme, the College now has world class learning environments with state of the art technology and specialist resources. This places the College in an excellent position to attract new students, particularly as many colleges locally and regionally have had their building programmes cancelled due to the withdrawal of funding.

5 Coalition Government Priorities

There is a great deal of uncertainty around future funding arrangements and levels for the public sector, including further and higher education. The Comprehensive Spending Review, which is due to be completed in October 2010, is likely to result in a reduction in funding, particularly for adults. The College will be reviewing its curriculum plans and priorities in light of the outcomes of the review.

STAKEHOLDER RELATIONSHIPS

In line with other colleges and with universities, Highbury 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.

Operating and Financial Review (continued)

Equal opportunities and employment of disabled persons

Highbury 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 and Single Equality Scheme, including it's Race Relations and Transgender policies are published on the College's Internet site.

The College values equality and celebrates diversity and welcomes applications from people with disabilities. Through it's Human Resources Policies and Procedures the College seeks to ensure that:

(a) Full and fair consideration is given to applications for employment from applicants with disabilities, having regard for any reasonable adjustments that are required.

(b) That the College continues to support and assist staff have from a disability during their employment through making reasonable adjustments such as changing working hours or work patterns, additional equipment, appropriate training or retraining.

(c) That staff with disabilities have equitable opportunities for training, career development and promotion.

The College, through the Equality and Diversity Committee, monitors these requirements.

Disability Statement

Disability Statement – Policy

Highbury College is committed to equality of opportunity for all students, including those with learning difficulties and/or disabilities. The College aims to provide appropriate support to enable students to benefit from their studies, and intends to continue developing such provision within the guidelines of the Disability Discrimination Act (as amended by the Special Educational Needs and Disability Act 2001).

The aim of Highbury College is that students with learning difficulties or disabilities should be fully included wherever possible. For those who are not ready for inclusion, the College also offers a range of entry and foundation courses and other personalised

Operating and Financial Review (continued)

provision. Students with learning difficulties or disabilities are interviewed in the same way as any other student. In addition, a confidential interview, on the same day wherever possible, is arranged with a specialist member of staff, to discuss individual support needs.

Disability Statement - Educational Support

The Learning Support Service employs staff with experience in working with students who have difficulties with literacy, numeracy, language, study skills or specific learning difficulties such as dyslexia. Support is delivered at entry and foundation levels through discrete contextualised literacy and numeracy, workshops or individually for students with language or learning difficulties or disabilities on both discrete and main programmes. These support needs are identified through initial and diagnostic assessments. All support is delivered in rooms that are accessible to students with mobility difficulties.

The College employs a team of specialists who are responsible for students with learning difficulties and/or disabilities. A team of learning assistants support groups and individual students in classrooms, workshops and other practical vocational areas. British Sign Language communicators are available for students with hearing impairment.

The management of Highbury College is committed to provide a safe and healthy work place and to protect the health and safety of all employees, students and any other persons that may be affected by the College’s activities. Using the process of risk assessment, the College will make reasonable adjustments to working practices or premises so that best practice can be employed to provide appropriate support for students with learning difficulties or disabilities.

Disability Statement – Complaints Procedure

Highbury College has a formal complaints procedure, which is explained to students during induction. Where a student with disabilities or learning difficulties wishes to make a complaint and needs assistance with this, support will be given. Feedback forms for informal student feedback are also available for informal comments.

Operating and Financial Review (continued)

Disability Statement - Examinations and Assessments

Where students require special arrangements for examinations or assessments e.g. extra time, reader or writer, this can be discussed in confidence. The first stage of an internal assessment is to meet with a specialist member of the College staff. The College will liaise with the Exam Board or Lead Assessment Body, and where an external assessment is required, e.g. an Educational Psychologist assessment, the College is able to make arrangements for this with current students. Special arrangements are at the sole discretion of the Exam Board or Lead Assessment Body. If a separate room, additional invigilator or reader/writer are approved by the Examining Body, the College is able to provide these for current students.

Disability Statement – Physical Access

Much of Highbury is accessible to people with disabilities and it is College policy to use, wherever possible, accessible rooms for groups, which include a student or students with disabilities.

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 7th December 2010 and signed on its behalf by:

John Wright
Chair of Governors

Operating and Financial Review (continued)

Professional advisers

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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. Its purpose is to help the reader of the financial statements 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 2010.

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 2009/10

Name	Date of Present Appointment	Term of Office (Years)	Date of Resignation	Status of Appointment	Committees Served
Benney Mr A	July 2006	4	Term ended March 2010	Business	Co-opted to Audit 30/310 – 29/3/14
Bentley Mr A	December 2006	4	-	Local Authority	Finance
Bonou Miss E	August 2008	1	Term ended July 2010	Student	Quality
Boyle Mrs B	October 2010	4	-	Business	Quality
Butler Cllr DS	July 2008	4	-	Unspecified	Finance
Carr Mrs Y	October 2006	4	Redundant 11 Nov 09	Staff	Audit
Cartwright Mr T	March 2009	4	-	Unspecified	Finance, Remuneration
Davenport Mr J	16 November 2009	1	Term ended July 2010	Student	Audit
Dennison Mr M	March 2008	4	Resigned 16 April 2010	Unspecified	Finance
Deter Ms N	13 July 2010	4	-	Unspecified	Quality
Dickens Mr R	February 2010	2	-	Business	Vice-Chair: Corporation Chair: Finance& Remuneration Search
Fice Mr G	October 2007	4	-	Co-Opted	Chair: Quality
Gibson Mr P	May 2006	4	Term ended 26 May 2010	Co-opted	Finance, Remuneration
Graham Mr T	July 2008	4	Resigned 21 September 2010	Unspecified	Audit
Greenfield, Mr B	13 July 2010	1	-	Sabbatical Student Union	Quality
Swanson Ms G *(nee Higginson)*	30 March 2010	4	-	Staff	Audit
Kettle-Williams Mr J	13 July 2010	4	-	Unspecified	Quality
Mbubaegbu S Mrs	October 2001	n/a	-	Principal	Ex offico member: Finance, Quality, Search
Porter Mr M	December 2007	4	-	Staff	Finance
Priory Mr J	June 2007	4	-	Community	Quality
Rees-Evans Mr J	08 December 2009	4	-	Unspecified	Finance
Roucroft Ms J	March 2009	4	Resigned 23 September 09	Unspecified	Audit
Smedley Ms L	March 2008	4	-	Unspecified	Quality, Search
Wright Mr J	March 2010	2	-	Business	Chair: Corporation from March 2004 Chair: Search Member: Finance
Nicola Youern	October 2010	4	-	Unspecified	Audit

Clerk to the Corporation: Paola Schweitzer(Maternity Leave from January 2010)
Acting Clerk to the Corporation: Keith Scribbins – Assistant Clerk: Lucy Fitzgerald (from January 2010 for one year.

Statement of Corporate Governance and Internal Control (continued)

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 four times each year.

The Corporation conducts its business through a number of Committees. Each Committee has terms of reference, which have been approved by the full Corporation.

These Committees are Audit, Finance, Quality, Remuneration and Search.

Full minutes of all meetings are available from the Clerk to the Corporation at:

Highbury College
Tudor Crescent
Portsmouth
Hants
PO6 2SA

Minutes are also available on line at www.highbury.ac.uk

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 judgement.

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

Statement of Corporate Governance and Internal Control (continued)

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 five members including the Chair, Vice-Chair of the Corporation and the Principal. The Committee 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. The total period of membership is normally limited to two four year terms of office.

Remuneration Committee

Throughout the year ending 31 July 2010, the College's Remuneration Committee comprised of four members of the Corporation including the Vice Chair (excluding the Chair, Principal and Staff and Student members). The Committee's responsibilities are to make recommendations to the Chair of the Corporation on the remuneration and benefits of the Principal, other senior post holders and the Clerk to the Corporation. Details of remuneration for the year ended 31 July 2010 are set out in note 7 of the financial statements.

Finance Committee

The Finance Committee comprises seven members including the Chair of the Corporation and the Principal, but excluding members of the Audit Committee.

The Finance Committee meets five times each year and advises the Corporation on the effective and efficient use of resources, the solvency of the Corporation and the safeguarding of the assets. The Committee also advises on and monitors the annual budget, capital programme, cash flow forecast and ten year financial forecast and has responsibility for accommodation matters.

Audit Committee

The Audit Committee comprises six members including up to two co-opted (excluding the Chair of the Corporation, members of the Finance Committee and the Principal).

The Audit Committee meets on a termly basis and provides a forum for reporting by the College's internal, financial statements and regularity 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 main FE funding bodies, 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.

Statement of Corporate Governance and Internal Control (continued)

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 and financial statements auditors and their remuneration for both audit and non-audit work.

Quality Committee
The Quality Committee comprises nine members including the Vice Chair and the Principal and meets on a termly basis.

The Quality Committee is responsible for monitoring and reviewing all aspects of quality assurance including quality development and planning, performance indicators, teaching and learning, course portfolio and the students' experience. The Committee also considers and reports to the Board on all statements and reports produced by the LSC and its successor organisations, Ofsted and other relevant organisations relating to quality and curriculum issues and monitors the implementation of resulting action plans.

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 LSC and its successor organisations. She is also responsible for reporting to the Corporation any material weaknesses or break-downs 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 Highbury College for the year ended 31 July 2010 and up to the date of approval of the annual report and accounts.

Statement of Corporate Governance and Internal Control (continued)

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 2010 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 Corporation.
- Regular reviews by the Corporation 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 least annually, the Head of Internal Audit (HIA) provides the Corporation 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.

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.

Statement of Corporate Governance and Internal Control (continued)

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 College Leadership 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 College Leadership 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 approves the Risk Management Action Plan annually and receives an annual report on progress as well as details of risk management monitoring through the minutes of the Audit Committee. The emphasis is on obtaining the relevant degree of assurance and not merely reporting by exception. At its October 2010 meeting, the Corporation carried out the annual assessment for the year ended 31 July 2010 by considering documentation from the College Leadership Team and internal audit, and taking account of events since 31 July 2010.

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 they continue to adopt the going concern basis in preparing the financial statements.

Approved by order of the members of the Corporation on 7th December 2010 and signed on its behalf by:

Stella Mbubaegbu, Principal

John Wright, Chair of Governors on behalf of the Corporation

Statement of the Responsibilities of the Members of the Corporation

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

Within the terms and conditions of the Financial Memorandum agreed between the Skills Funding Agency and the Corporation of the College (the Corporation), through its Principal, the Corporation is required to prepare financial statements for each financial year in accordance with the 2007 Statement of Recommended Practice – Accounting for Further and Higher Education Institutions and with the Accounts Direction issued jointly by the Skills Funding Agency and the Young Peoples Learning Agency, 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 then 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
- 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 to 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 such steps that are reasonably open to it to safeguard 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 and successor bodies are used only in accordance with the Financial Memorandum with the LSC and the Skills Funding Agency and any other conditions that may be prescribed from time. Members of the Corporation must ensure that there are appropriate financial and management controls in place sufficient to safeguard public and other funds and ensure that they are used only in accordance with the conditions under which they have been made available. In addition, Members of the Corporation are responsible for securing the 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 from the LSC and successor bodies are not put at risk.

Statement of the Responsibilities of the Members of the Corporation (continued)

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.

Approved by order of the members of the Corporation on December 2010 and signed on its behalf by:

John Wright

Chair of Governors on behalf of the Corporation

Independent Auditors' Report to the Corporation of Highbury College

We have audited the financial statements of Highbury College for the year ended 31 July 2010, 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 Members of the Corporation of Highbury 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 2009/10 Accounts Direction, 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 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.

Independent Auditors' Report to the Corporation of Highbury College (continued)

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 2010 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 2009/10 Accounts Direction issued jointly by the Skills Funding Agency and the Young People Learning Agency and the 2007 Statement of Recommended Practice – Accounting for Further and Higher Education.

RSM Tenon Audit Limited Date
Registered Auditor

Vantage
Victoria Street
Basingstoke
Hampshire
RG21 3BT

Independent Auditors' Report on Regularity to the Corporation of Highbury College ('the Corporation') and the Skills Funding Agency

In accordance with the terms of our engagement letter and further to the requirements of Skills Funding Agency, we have carried out a review to obtain assurance about whether, in all material respects, the expenditure and income of Highbury College ('the College') for the year ended 31 July 2010 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 Skills Funding Agency. Our review work has been undertaken so that we might state to the Corporation and the Skills Funding Agency 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 Skills Funding Agency, for our review work, for this report, or for the opinion we have formed.

Respective responsibilities of the Members of the Corporation of Highbury 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 Skills Funding Agency. We report to you whether, in our opinion, in all material respects, the College's expenditure and income for the year ended 31 July 2010 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 Skills Funding Agency. 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 2010 have been applied to purposes intended by Parliament and the financial transactions conform to the authorities which govern them.

RSM Tenon Audit Limited
Registered Auditor

Date

Consolidated Income and Expenditure Account

	Notes	2010 £000	2009 £000
Income			
Funding body income	2	19,375	19,182
Tuition fees and education contracts	3	3,517	2,953
Other grants and contracts	4	523	446
Other income		1,401	1,171
Endowment and investment income	5	15	32
Total income		**24,831**	**23,784**
Expenditure			
Staff costs	6	14,180	14,310
Exceptional restructuring costs	6	230	267
Other operating expenses	8	6,748	6,707
Depreciation	12	1,939	1,575
Interest and other finance costs	9	1,070	971
Total expenditure		**24,167**	**23,830**
Surplus/(Deficit) on continuing operations after depreciation of tangible fixed assets at valuation, and restructuring costs but before tax		664	(46)
Gain on disposal of assets		6,188	-
Taxation	10	-	-
Surplus/(Deficit) on continuing operations after depreciation of assets at valuation and tax	11	6,852	(46)

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

Consolidated Statement of Historical Cost Surpluses and Deficits

	Notes	2010 £000	2009 £000
Surplus/(Deficit) on continuing operations before taxation		6,852	(46)
Difference between historical cost depreciation and the actual charge for the year calculated on the revalued amount	18	-	-
Realisation of property revaluation gain of previous years	18	1,830	-
Historical cost surplus/deficit for the year before taxation		**8,682**	**(46)**
Historical cost surplus/deficit for the year after taxation		**8,682**	**(46)**

Consolidated Statement of Total Recognised Gains and Losses

	Notes	2010 £000	2009 £000
Surplus/(Deficit) on continuing operations after depreciation of assets at valuation and tax		6,852	(46)
Actuarial loss in respect of pension scheme	23	(570)	(3,850)
Past Service Cost re pension scheme		2,490	-
Total recognised gain/(loss) since last report		8,772	(3,896)

Reconciliation

	2010 £000	2009 £000
Opening reserves and endowments	(3,874)	22
Total recognised losses for the period	8,772	(3,896)
Closing reserves and endowments	4,898	(3,874)

Balance Sheet as at 31 July 2010

	Notes	Group 2010	College 2010	Group 2009	College 2009
		£000	£000	£000	£000
Fixed Assets					
Tangible assets	12	55,935	55,935	57,732	57,732
Investments	13	-	-	-	-
Total fixed assets		55,935	55,935	40,114	40,114
Current assets					
Debtors	14	1,827	1,993	3,225	3,350
Cash at bank and in hand	22	4,508	4,355	259	122
		6,335	6,348	3,484	3,472
Less: Creditors: amounts falling due within one year	15	3,991	3,993	8,421	8,398
Net current assets		2,344	2,355	(4,937)	(4,925)
Total assets less current liabilities		58,278	58,290	52,795	52,806
Less: Creditors: amounts falling due after more than one year	30	8,711	8,711	11,219	11,219
Less: Provision for liabilities	16	105	105	147	147
Net assets excluding pension (liability)		49,463	49,474	41,429	41,440
Net pension (liability)	23	(10,170)	(10,170)	(11,790)	(11,790)
Net assets including pension (liability)		**39,293**	**39,304**	**29,639**	**29,650**

Balance Sheet as at 31 July 2010 (continued)

	Notes	Group 2010	College 2010	Group 2009	College 2009
		£000	£000	£000	£000
Deferred capital grants	17	34,395	34,395	33,513	33,513
Reserves					
Income and expenditure account excluding pension reserve	19	13,409	13,420	4,427	4,438
Pension reserve	23	(10,170)	(10,170)	(11,790)	(11,790)
Income and expenditure account including pension reserve	19	3,239	3,250	(7,363)	(7,352)
Revaluation reserve	18	1,659	1,659	3,489	3,489
Total reserves		**4,898**	**4,909**	**(3,874)**	**(3,863)**
TOTAL		**39,293**	**39,304**	**29,639**	**29,650**

The financial statements on pages 30 to 59 were approved by the Corporation on 7th December 2010 and were signed on its behalf on 7th December 2010 by:

John Wright, Chair

Stella Mbubaegbu, Principal

Consolidated Cash Flow Statement

	Notes	2010 £000	2009 £000
Cash inflow from operating activities	20	1,370	2,187
Interest received		15	31
Interest payable		(410)	(501)
Returns on investments and servicing of finance		(395)	(470)
Payments to acquire tangible fixed assets		(1,775)	(20,198)
Proceeds from Sale of Asset		8,018	-
Deferred capital grants received	17	4,029	11,109
Capital Expenditure & Financial Investment		10,272	(9,089)
Bank Loans	21	(6,660)	4,179
VAT claim		(338)	1,387
Financing		(6,998)	5,566
Increase/(Decrease) in cash in the year	22	4,249	(1,806)

Reconciliation of Net Cash Flow to Movement in Net Debt

Increase/(Decrease) in cash in the period	22	4,249	(1,806)
Cash inflow from new secured loan		-	(5,800)
Cash inflow from liquid resources		6,998	234
Change in net funds resulting from cashflows		-	-
Movement in net debts in period		11,247	(7,372)
Net debts at 1 August		(15,948)	(8,576)
Net debts at 31 July		**(4,701)**	**(15,948)**

Notes to the Accounts

1. Accounting Policies

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

The financial statements have been prepared in accordance with the Statement of Recommended Practice (SORP): Accounting in Further and Higher Education (2007) and in accordance with applicable Accounting Standards. They conform to guidance published jointly by the Skills Funding Agency and the Young Persons Learning Agency 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 consolidated financial statements include the College and its subsidiaries, Highbury College Property Services Ltd and Highbury College (Portsmouth) Business Services Ltd. The results of subsidiaries acquired or disposed of during the period are 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 these activities. All financial statements are made up to 31 July 2010.

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.

Funding body 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 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 funding body 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. 16-18 learner-responsive funding is not normally subject to a reconciliation and is therefore not subject to contract adjustments.

Notes to the Accounts (continued)

1. Accounting Policies (continued)

Non-recurrent grants from the LSC and its successor organisations 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.

Income from research grants, contracts and other services rendered is included to the extent of the completion of the contract or service concerned.

All income from short-term deposits is credited to the Income and Expenditure Account in the period in which it is earned.

Post retirement benefits

Retirement benefits to employees of the College are provided by the Teachers Pension Scheme (TPS) and by 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 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. These contributions are determined by qualified actuaries on the basis of quinquennial valuations using a prospective benefit method. As stated in Note 23, 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 in the present value of the schemes' 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 a College annually. An estimate of the expected future cost of 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 and its successor organisations.

Notes to the Accounts (continued)

1. Accounting Policies (continued)

Tangible Fixed Assets

(a) *Land and Buildings*

Land and buildings inherited from the Hampshire Local Education Authority (LEA) are stated in the Balance Sheet at open market value for existing use. Land and Buildings acquired since incorporation are included in the Balance Sheet at cost.

Freehold land is not depreciated. Inherited freehold buildings are depreciated over their expected useful economic life to the College of 40 years. Buildings constructed since incorporation are depreciated over 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.

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 FRS15, the College followed the transitional provision to retain the book value of land and buildings, which were re-valued 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 FRS11.

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. 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

Notes to the Accounts (continued)

1. Accounting Policies (continued)

(b) *Equipment*

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

Motor Vehicle and Electronic Equipment	3 - 6 years
Other General Equipment	10 years
Heavy Duty Equipment	15 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.

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.

Investments

Fixed-asset investments are carried at historical cost less any provision for impairment in their value.

Current asset investments are included in the balance sheet at the lower of their original cost and net realisable value.

Notes to the Accounts (continued)

1. Accounting Policies (continued)

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.

Foreign currency translation

Assets and liabilities denominated in foreign currencies are translated at the rates of exchange ruling at the end of the financial period with all resulting exchange differences being taken to the income and expenditure account in the period in which they arise.

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.

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

Liquid Resources

Liquid resources include sums on short-term deposits with recognised banks and 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, it is possible 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.

Notes to the Accounts (continued)

1. Accounting Policies (continued)

Agency Arrangements

The College acts as an agent in the collection and payment of Learner Support Funds. Related payments received from the LSC or its successor organisations and subsequent disbursements to students are excluded from the income and expenditure account and are shown separately in Note 32, except for the 5 per cent 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.

2. Funding Council Income

	2010 £000	2009 £000
Recurrent grant – FE Funding bodies	17,422	17,786
Recurrent grant – HEFCE	872	888
Non recurrent grant - FE Funding bodies	143	131
Releases of deferred capital grants (note 17)	938	377
	19,375	19,182

3. Tuition Fees and Education Contracts

	2010 £000	2009 £000
Tuition fees	1,558	1,779
Education contracts	1,959	1,174
Total	3,517	2,953

4. Research Grants and Contracts

	2010 £000	2009 £000
European Commission	-	-
Other grants	363	101
Releases of deferred capital grants (note 17)	160	345
	523	446

Notes to the Accounts (continued)

5. Endowment and Investment Income

	2010 £000	2009 £000
Other interest receivable	15	32

6. Staff Numbers and Costs

Staff Numbers

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

	2010	2009
Teaching staff	178	184
Non teaching staff	351	339
	529	523

Staff costs for the above persons	**2010 £000**	**2009 £000**
Wages and salaries	12,159	12,191
Social security costs	845	849
Other pension costs (including FRS 17 adjustments of £(360)k 2010, £(280)k 2009)	1,176	1,270
Payroll sub total	**14,180**	**14,310**
Contracted out staffing costs	-	-
Exceptional restructuring costs	230	267
	14,410	**14,577**

6. Staff Numbers and Costs (continued)

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

	Senior post-holders		Other staff	
	2010	2009	2010	2009
	No.	No.	No.	No.
£60,001 to £70,000	-	-	1	2
£70,001 to £80,000	-	-	1	-
£80,001 to £90,000	-	-	1	2
£90,001 to £100,000	1	1	-	-
£100,001 to £110,000	-	-	1	-
£110,001 to £120,000	-	-	-	-
£120,001 to £130,000	-	1	-	-
£130,001 to £140,000	-	-	-	-
£140,001 to £150,000	-	-	-	-
£150,001 to £160,000	1	-	-	-
	2	**2**	**4**	**4**

All staff received a 0.7% pay award at 1 January 2009 with the exception of management grades which was paid in November 2009. All Managers, support staff and part time hourly paid lecturers received a 1.5% pay award at 1 January 2010.

7. Senior Post-Holders' Emoluments

Senior post-holders are defined as the Principal and holders of the other senior posts whom the Governing Body have 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.

	2010	2009
Number of senior post-holders including the Principal was:	2	2

Senior post-holders' emoluments are made up as follows:

	£	£
Salaries	202,395	191,397
Benefits in kind	-	-
Pension contributions	30,404,	27,053
Total emoluments	232,799	218,450

Notes to the Accounts (continued)

7. Senior Post-holders' Emoluments (continued)

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

	Year ended 31 July 2010
Principal	**£**
Salary	135,965
Benefits in kind	-
	135,965
Pension contributions	19,171

The pension contributions in respect of the Principal and senior post holder 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 members did not receive any payment from the institution other than the reimbursement of travel and subsistence expenses incurred in the course of their duties.

8. Other Operating Expenses

	2010 £000	2009 £000
Teaching costs	1,102	1,286
Non teaching costs	3,647	2,917
Premises costs	1,999	2,504
	6,748	6,707
Other operating expenses include:		
Auditors' remuneration		
Financial statements audit	20	20
Internal audit	16	16
Hire of other assets – operating leases	-	-

9. Interest and other finance costs

	2010 £000	2009 £000
On bank loans, overdrafts and other loans:		
Repayable within five years, by instalments	-	67
Repayable wholly or partly in more than 5 years	410	434
Pension finance costs (note 23)	660	470
	1,070	971

Notes to the Accounts (continued)

10. Taxation

The members do not consider the College or its Subsidiaries to be liable for any corporation tax arising out of its activities during this or the previous period.

11. Surplus/(Deficit) on Continuing Operations for the Period

The surplus/(deficit) on continuing operations for the period is made up as follows:

	2010 £000	2009 £000
College Surplus/(deficit) for the period	6,808	(106)
Surplus generated by subsidiary undertakings and transferred to the College under gift aid	44	60
Total	6,852	(46)

Notes to the Accounts (continued)

12. Tangible Fixed Assets (Group and College)

	Freehold Land and Building £000	Equipment £000	Total £000
Cost or valuation			
At 1 August 2009	68,732	8,405	77,137
Additions – at cost	1,276	696	1,972
Disposal – at cost	(1,830)	-	(1,830)
At 31 July 2010	68,178	9,101	77,279
Depreciation			
At 1 August 2009	12,171	7,234	19,405
Charge for period			
On inherited assets	977	121	1,098
On acquired assets	623	218	841
Disposals	-	-	-
At 31 July 2010	13,771	7,573	21,344
Net book value			
At 31 July 2009	56,561	1,171	57,732
At 31 July 2010	54,407	1,528	55,935

Notes to the Accounts (continued)

12. Tangible Fixed Assets (Group and College)(continued)

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

Land and buildings were valued in 1993 at depreciated replacement cost by a firm of independent chartered surveyors. Other tangible fixed assets inherited from the LEA at incorporation have been valued by the College on a depreciated replacement cost basis with the assistance of independent professional advice.

Land and buildings with a net book value of £23,056,000 have been partly financed by exchequer funds, through for example the receipt of capital grants. Should these assets be sold, the College may be liable, under the terms of the Financial Memorandum with the LSC and its successor organisations, to surrender the proceeds.

If inherited land and buildings had not been revalued they would have been included at the following amounts:

	£'000
Cost	Nil
Aggregate depreciation based on cost	Nil
Net book value based on cost	**Nil**

Notes to the Accounts (continued)

13. Investments

	College 2010 £000	College 2009 £000
Investment in subsidiary companies at cost	-	-

The College owns 100% of the issued ordinary shares of Highbury College (Portsmouth) Business Services Limited, and 100% of the issued ordinary shares of Highbury College Property Services Limited, both companies being incorporated in England and Wales. Throughout the period the College owned 1,200,000 ordinary shares in Highbury College Property Services Limited, but the amount remained unpaid.

Highbury College (Portsmouth) Business Services Limited, did not trade during the year. The principal business activity of the Highbury College Property Services Limited is to manage on site student accommodation on behalf of the College.

14. Debtors

	Group 2010	College 2010	Group 2009	College 2009

	£000	£000	£000	£000
Amounts falling due within one year				
Trade debtors	287	453	263	388
Amounts owed by the Skills Funding Agency	680	680	2,022	2,022
Prepayments and accrued income	860	860	940	940
	1,827	1,993	3,225	3,350

15. Creditors: Amounts Falling Due Within One Year

	Group 2010 £000	College 2010 £000	Group 2009 £000	College 2009 £000
Bank loans and overdrafts	212	212	4,691	4,691
Payments received in advance	1,417	1,417	386	386
Trade creditors	921	903	1,031	1,009
Other taxation and social security	0	0	(2)	(2)
Accruals	1,155	1,155	2,019	2,018
VAT repayment	286	286	296	296
Amounts owed from group companies	-	20	-	-
	3,991	3,993	8,421	8,398

Notes to the Accounts (continued)

16. Provisions for Liabilities and Charges (Group and College)

	Restructuring £000
Balance at 1 August 2009	147
Transferred from Income and Expenditure	(42)
Balance at 31 July 2010	105

The restructuring provision relates to the exceptional restructuring of costs arising from the restructuring of various departments for which redundancy notices were served prior to July 2010.

17. Deferred Capital Grants (Group and College)

LSC	Other Grants	Total

	£000s	£000s	£000s
At 1 August 2009	31,689	1,824	33,513
Cash received	1,943	37	1,980
Released to income & expenditure account	(938)	(160)	(1,098)
At 31 July 2010	**32,694**	**1,701**	**34,395**

18. Revaluation Reserve (Group and College)

	2010 £000	2009 £000
Balance at 1 August	3,489	3,489
Transfer from revaluation reserve general reserve in respect of:		
Disposals	(1,830)	-
Depreciation on revalued assets	-	-
Impairment	-	-
Balance at 31 July	1,659	3,489

Notes to the Accounts (continued)

19. Movement on General Reserves (Group and College)

	Group 2010 £000	College 2010 £000	Group 2009 £000	College 2009 £000
Income and expenditure account reserve				
At 1 August	(7,363)	(7,352)	(3,467)	(3,456)
Surplus/(Deficit) retained for year	6,852	6,852	(46)	(46)
Transfer from revaluation reserve	1,830	1,830	-	-
Actuarial (loss) in respect of pension scheme	(570)	(570)	(3,850)	(3,850)
Past service costs	2,490	2,490	-	-

Impairment	-	-	-	-
At 31 July	3,239	3,250	(7,363)	(7,352)
Balance represented by:				
Pension Reserve	(10,170)	(10,170)	(11,790)	(11,790)
Income and Expenditure reserve excluding pension reserve	13,409	13,420	4,427	4,438
At 31 July	3,239	3,250	(7,363)	(7,352)

Notes to the Accounts (continued)

20. Reconciliation of Operating Surplus/(Deficit) to Net Cash Inflow from Operating Activities

	2010 £000	2009 £000
Surplus/(Deficit) on continuing operations after depreciation of assets at valuation and tax	664	(46)
Depreciation (note 12)	1,939	1,575
Deferred capital grants released to income (note 17)	(1,098)	(722)
Interest payable	410	501
Interest received	(15)	(32)
Impact of FRS17 adjustment	300	190
Decrease / (Increase) in debtors	2	(280)

Decrease / (Increase) in prepayments and accrued income	(654)	199
Increase in trade creditors	(110)	105
Decrease in other taxation and social security	2	-
Increase / (Decrease) in payments on account	150	(89)
(Decrease) / Increase in accruals	(178)	640
(Decrease) / Increase in provisions	(42)	146
Net cash inflow from operating activities	1,370	2,187

21. Returns on investments and servicing of finance

	2010 £000	2009 £000
New loans received, repayable by 2010	-	4,413
Repayment of amounts borrowed	(6,660)	(234)
Net cash inflow from financing	(6,660)	4,179

Notes to the Accounts (continued)

22. Analysis of Changes in Net Debts

	At 1 August 2009 £000	Cash flow £000	Other Changes £000	At 31 July 2010 £000
Cash at bank and in hand	259	4,249	-	4,508
Debt due within 1 year	(4,988)	4,988	(498)	(498)
Debt due after 1 year	(11,219)	2,010	498	(8,711)
Total	(15,948)	11,247	-	(4,701)

23. Pension and Similar Obligations

The College's employees belong to one of two 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 Hampshire County Council. Both schemes are defined benefit schemes.

Total pension cost for the year	**2009/10 £000**	**2008/09 £000**
Teachers Pension Scheme: contributions paid	858	722
Local Government Pension Scheme:		
Contributions paid	678	828
FRS17 charge	(360)	(280)
Charge to the Income and Expenditure Account (staff costs)	318	548
Total Pension Cost for Year	1,176	1,270

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

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

Notes to the Accounts (continued)

23. Pension and Similar Obligations (continued)

Teachers Pension Scheme

The Teachers' Pension Scheme (TPS) 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 assessed every five years in accordance with the advice of the Government Actuary. The assumptions and other data that have the most significant effect on the determination of the contribution levels are as follows:

Latest actuarial valuation	31 March 2007	
Actuarial Method	Projected Benefits	
Investment returns per annum	6.7 per cent per annum	
Salary scale increases per annum	5.0 per cent per annum	
Notional value of assets at date of last valuation		£162,6

Proportion of members' accrued benefits Covered by the notional value of the assets	98.88% per cent

Following the implementation of the Teachers' Pensions (Employers' Supplementary Contributions) Regulations 2000 the Government Actuary carried out a review on the level of employer contributions. For the period from 1 August 2009 to 31 July 2010 the employer contribution was 14.1 per cent. The employee rate was 6.4% for the same period.

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 accounted for its contributions to the scheme as if it were a defined contribution scheme. The College has set out above the information available on the scheme and the implications for the College in terms of the anticipated contribution rates.

Local Government Pension Scheme

The Hampshire Local Government Pension Scheme is a funded defined benefit scheme. The total contribution made for the year ended 31 July 2010 was £1,146,000 of which employers contributions totalled £858,000 and employees' contributions totalled £288,000. The agreed contribution rates for futures years are to be set by 31st March 2011.

Notes to the Accounts (continued)

23. Pension and Similar Obligations (continued)

FRS 17
Principal Actuarial Assumptions

	31 July 2010	31 July 2009
Inflation	3.5%	3.7%
Rate of increase in salaries	5.0%	4.8%
Rate of increase for pensions	2.8%	3.7%
Discount rate for scheme liabilities	5.4%	6.0%
Commutation of pensions to lump sums		
- Pre 1 April 2008 entitlements	25%	25%
- Post 31 March 2008 entitlements	75%	75%

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

	31 July 2010	31 July 2009
Retiring today		
Males	22.30	22.20

Females	24.30	24.20
Retiring in 20 years		
Males	24.70	24.50
Females	26.50	26.40

The estimated college's share of the Assets & Liabilities in the scheme and the expected rates of return were:

	Long term rate of return expected at 31 July 2010	**Value at 31 July 2010 £m**	**Long term rate of return expected at 31 July 2009**	**Value at 31 July 2009 £m**
Equities	8.2%	7.89	8.0%	6.49
Bonds	4.2%	3.19	4.5%	0.60
Property	7.7%	0.86	7.0%	3.05
Other Assets	8.2%	1.10	0.9%	0.73
Total market value of assets		**13.04**		**10.87**
Present value of scheme liabilities				
- Funded		(21.16)		(20.49)
- Unfunded		(2.05)		(2.17)
Deficit in scheme		**(10.17)**		**(11.79)**

Notes to the Accounts (continued)

23. Pension and Similar Obligations (continued)

Analysis of the amount charged to Income and Expenditure Account

	Year Ended 31 July 2010 £000	**Year Ended 31 July 2009 £000**
Employer service cost (net of employee contributions)	800	670
Past service costs	(170)	50
Total operating charge	(630)	720

Analysis of pension finance income costs

Expected return on pension scheme assets

Interest on pension liabilities	(1,370)	(1,240)
Pension finance cost	(660)	(470)

	Year Ended 31 July 2010 £000	Year Ended 31 July 2009 £000
Amount recognised in the Statement of Total Recognised Gains and losses (STRGL)		
Actual return less expected return on pension scheme assets	1,700	(1,040)
Experience gains and losses arising on the scheme liabilities	1,230	70
Changes in assumptions underlying the scheme liabilities	(3,500)	(2,880)
Past service costs	2,490	-
Actuarial gain/(loss) recognised in STRGL	1,920	(3,850)

Notes to the Accounts (continued)

23. Pension and Similar Obligations (continued)

	Year Ended 31 July 2010 £000	Year Ended 31 July 2009 £000
Movement in surplus during year		
Deficit in scheme at 1 August	(11,790)	(7,750)
Change in valuation method	-	-
Movement in year:		
Current service costs	(800)	(670)
Past service costs	2,660	(50)
Contributions	990	1,000
Expected return on pension fund assets	710	770
Interest on pension scheme liabilities	(1,370)	(1,240)
Actuarial gain or loss	(570)	(3,850)
Deficit in scheme at 31 July	(10,170)	(11,790)

Asset and Liability Reconciliation

Reconciliation of Liabilities

Liabilities at start of period	**22,660**	**18,960**
Service cost	800	670
Interest cost	1,370	1,240
Employee contributions	290	290
Actuarial (gain)/loss	1,560	2,040
Benefits paid	(810)	(590)
Past Service cost	(2,660)	50
Liabilities at end of period	**23,210**	**22,660**

Reconciliation of Assets

Assets at start of period	10,870	11,210
Expected return on assets	710	770
Actuarial gain/(loss)	990	(1,810)
Employer contributions	860	880
Employee Contributions	290	290
Benefits paid	(680)	(470)
Assets at end of period	**13,040**	**10,870**

The estimated value of employer contributions for the year ended 31st July 2011 is £1.51m.

Notes to the Accounts (continued)

23. Pension and Similar Obligations (continued)

History of experience gains and losses

	2010	**2009**	**2008**	**2007**	**2006**	**2005**
Difference between the expected and actual return on assets:						
Amount £000	990	(1,810)	(2,320)	190	560	990
Experience gains and (losses) on scheme liabilities:						
Amount £000	1,230	70	(1,520)	(0)	(10)	800
Total amount recognised in STRGL:						
Amount £000	1,920	(3,850)	(880)	950	(120)	60

24. Capital Commitments

	2010 £000	2009 £000
Committed and contracted for at 31 July	881	734
Authorised but not contracted at 31 July	-	-

Notes to the Accounts (continued)

25. Financial Commitments

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

	Group and College 2010 £'000	2009 £'000
Land and buildings		
Expiring within one year	-	-
Expiring within two and five years inclusive	-	-
Expiring in over five years	721	637
	721	637
Other		
Expiring within one year	-	80
Expiring within two and five years inclusive	47	-
Expiring in over five years	-	-
	47	80

26. Contingent liability

Following the redevelopment of the College campus the building contractor has made two claims in respect of overrun costs for which the College has made a counter claim. The College denies the validity of these claims and has appointed an independent claims advisor to review the case.

At present there is no accurate estimate of the potential outcome, and as such these accounts do not recognise an asset or liability in respect of these claims. The College are of the opinion that the claim can be successfully defended.

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 inevitable that transactions will take place with organisations in which a member of the board of governors may have an interest. All transactions involving such organisations are conducted at arm's length and in accordance with the College's financial regulations and normal procurement procedures.

Transactions with the LSC and its successor organisations and HEFCE are detailed in note 2.

29. Major non-Cash Transactions

There were no major non-cash transactions during the year

Notes to the Accounts (continued)

30. Creditors: amounts falling due after one year

	Group 2010 £'000	College 2010 £'000	Group 2009 £'000	College 2009 £'000
Bank loans	7,215	7,215	9,396	9,396
VAT Repayment	1,496	1,496	1,823	1,823
Loans from subsidiary and associate companies	-	-	-	-
Total	**8,711**	**8,711**	**11,219**	**11,219**

31. Borrowings

Bank loans, overdrafts and other loans are repayable as follows:

	2010 £000	2009 £000
In one year or less	498	4,988
Between one and two years	543	566
Between two and five years	1,522	1,736

In five years or more	6,646	8,917
Total long term liabilities	9,209	16,207

This liability is in four parts:

The first liability is a bank loan of £7.8m repayable over 15 years. The first capital repayment was made in September 2008 and is being repaid on a reducing balance basis. There is a first priority legal charge over the Highbury City of Portsmouth Centre. The interest rate is fixed.

The second liability is a creditor for HM Revenue and Customs. It is for VAT claimed back against capital expenditure under the Lennartz ruling. This is repayable to HM Revenue and Customs over payback periods of varying years based on the length of payback already expired.

Notes to the Accounts (continued)

32. Amounts disbursed as agent

Learner Support Funds

	2010 £000	2009 £000
Funding Body Grants	527	517
Interest Earned	0	5
	527	522
Disbursed to Students	(499)	(498)
Administration Costs	(26)	(24)
Balance Unspent at 31 July	2	-

These Funding Body Grants are available solely for students; the College acts only as a paying agent. The grants and related disbursements are therefore excluded from the Income and Expenditure Account, except for the 5 per cent 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.