



Barking & Dagenham College

BARKING & DAGENHAM COLLEGE

**Report and Financial Statements
for the year ended 31 July 2011**

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Operating and Financial Review

NATURE, OBJECTIVES AND STRATEGIES:

The members present their report and the audited financial statements for the year ended 31 July 2011.

Legal status

1. The Corporation was established under the Further and Higher Education Act 1992 for the purpose of conducting Barking & Dagenham College. The College is an exempt charity for the purposes of the Charities Act 1993 as amended by the Charities Act 2006.
2. The Corporation was incorporated as Barking College on the 1st January 1993. On the 1st February 2010, the Secretary of State granted consent to the Corporation to change the College's name to Barking & Dagenham College. The Corporation believes that the new name represents a more cross borough working relationship with our community and our stakeholders.

Mission

3. Governors reviewed the College's mission during 2010/11 and adopted a revised mission statement as follows:

"A truly great college, passionate about success".

4. The college's values are:

- Passion
- Enterprise, innovation and creativity
- Respect, social justice and fairness
- High standards and quality
- Professionalism
- Friendliness and commitment
- Flexibility, responsiveness and ability to change
- Accountability
- Risk-taking

The college values are underpinned by the following behaviours:

- Foster excellence in all that we do
- Work together to achieve our goals
- Role model the Barking & Dagenham College values
- Deliver results for our Learners, our Employers and for our People

College Strategic Directions

5. The college updated its strategic directions in October 2011 which has been approved for 2011-2014 by the governing body. The delivery of the following strategic objectives are underpinned by operational deliverables for each of the objectives. The performance of the deliverables are monitored by strategic Key Performance Indicators (KPIs) in a balance score card. The strategic objectives are:
 - a. To provide an enriching and transformational experience for learners, wherever they may learn with us, empowering them to develop as good citizens, to contribute to their communities, to achieve their academic and vocational goals and to progress with confidence and self esteem on to the next stage of their career.

- b. To increase our performance results well above national and regional standards for all the college's customers - learners , trainees, employers and funding contractors - and equally raise their levels of satisfaction with the College, to outstanding.
- c. To develop our people to be proud of their college and be passionate about providing outstanding services to learners through teaching, learning and assessment practices that are at the forefront of pedagogic practice, with personalised learner services "good enough for our own families".
- d. To be a major active partner in contributing to the economic development of the local and sub-regional economies by working collaboratively and anticipating, responding and delivering outstanding learning pathways that meet the educational and training needs of learners and the skills requirements of employers and communities.
- e. To develop and implement a 15 year Estates Strategy, in order to improve further our industry standard training facilities, with phase one successfully completed by 2013.
- f. To develop models of modern, integrated business support systems, maximising the use of technology and to provide value for money and outstanding levels of service.
- g. To promote positively equality, diversity and community cohesion by being a vibrant college, an active partner within our local communities and a beacon for social justice.
- h. To diversify our income streams and be more enterprising in how we lead our college business through robust and rigorous financial planning and management thereby maximising our efficiency and ensuring that we provide outstanding human, physical and financial resources to deliver our mission and realise our vision.

Financial objectives

6. The College's financial objectives are to:

- Maintain a sound financial base to enable the College to meet the financial performance criteria needed to maintain a financial health category of 'Good' to '**Outstanding**' under the Framework for excellence;
- Continue to improve financial management;
- Maintain the confidence of funding bodies, suppliers, banks and professional advisors;
- Protect itself from unforeseen adverse changes in its income stream by maintaining adequate cash reserves.
- Generate sufficient income to enable maintenance and improvement of its accommodation and equipment.
- Raise awareness of financial issues;

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

Performance indicators

8. The "Framework for Excellence" has four key performance indicators:

- Success rate
- Learner destinations
- Learner views

- Employer views

The financial Indicators (Financial Health and Financial Management and Control) will continue to be graded and will be reported to providers directly by the relevant funding body. As this direct reporting occurs earlier than Framework for Excellence reporting, these Performance Indicators will no longer be included in the Framework for Excellence Application.

The College is committed to observing the importance of the measures and indicators within the Framework and is monitoring these through the completion of the annual Finance Record for the Skills Funding Agency/Young Peoples Learning Agency ("YPLA") and the London Borough of Barking and Dagenham. The current rating of Good is considered an acceptable outcome.

FINANCIAL POSITION

Financial results

9. The College generated an operating surplus in the year of £1.367m (2009/10 – surplus of £0.067m).
10. During 2010-11 the college underwent further changes to ensure it was well placed to meet current and future funding challenges. Curriculum areas were subject to realignment and thus the accounts include staff restructuring costs of £0.660m (2009-10 - £0.584m).
11. The College has accumulated reserves of £15.692m (2009-10 £12.104m) and cash balances of £6.781m (2009-10 £4.728m). The College wishes to continue to accumulate reserves and cash balances in order to create a contingency fund.
12. Tangible fixed asset additions during the year amounted to £1.900m. This was split between land and buildings acquired of £0.325m, short leasehold refurbishments of £0.759m and equipment purchased of £0.816m. During 2010/11 the college located to London Road and the premises underwent major refurbishment with industry standard motor vehicle facilities to enhance the learner experience.
13. The College has significant reliance on the education sector funding bodies for its principal funding source, largely from recurrent grants. In 2010/11 the funding bodies provided 83.4% of the College's total income.

Treasury policies and objectives

14. Treasury management is the management of the College's cash flows, its banking, money market and capital market transactions; the effective control of the risks associated with those activities; and the pursuit of optimum performance consistent with those risks.
15. 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/YPLA. All other borrowing requires the authorisation of the Corporation and shall comply with the requirements of the Financial Memorandum.

Cash flows

16. There was a cash inflow from operating activities of £3.448m (2009/10 inflow £1.003m). The net cashflow resulted from capital expenditure and the management of liquid resources.

Liquidity

17. During the year the College took out no loans.

CURRENT AND FUTURE DEVELOPMENT AND PERFORMANCE

Student numbers

18. In 2010/11 the College has delivered activity that has produced £23.053m in funding body main allocation funding (2009/10 – £22.716m). The College had approximately 20,549 enrolments (11,665 learners) to its programmes. Of these 2,473 learners aged 16 to 18 and 1,497 adult learners attended on a full time basis and 6,298 adults attended part time or evening courses.

Student achievements

19. Students continue to prosper at the College. Overall Success rates have risen by 13% for the since 2006/2007 (national average 5%). 2008-09:75%, 2009-10:78% and 80% in 2010-11.

Curriculum developments

20. Methods of teaching and learning are under continuous review and development in order that the curriculum meets the needs of the local population. The college is one of very few colleges that have such a broad range of curriculum offer. A particular strength is the vocational nature of the programmes making learners ready for employment and the next stage of their lives.
21. In response to Widening Participation and Social Inclusion agendas, Barking & Dagenham College has established a number of franchise partnerships with community based charities and other not-for-profit organisations.
22. Barking & Dagenham College continues to offer a very wide range of courses from Entry Level to Higher Education. In keeping with the college strategic objective of providing an inclusive, learner-centred curriculum, Barking & Dagenham College provided full-time education for disaffected and excluded Year 11 pupils from local schools in 2010-2011, and part-time education for groups of school aged young people from the London Boroughs of Barking and Dagenham and Havering. In addition to this the college also works in partnership with local schools to provide specialist provision for learners with learning difficulties.
23. Barking & Dagenham College has a work based learning team offering apprenticeships in a number of occupational areas and a business engagement team to better meet the training needs of employers. The college delivers all or part of the training for around 700 apprentices each year.

Payment performance

24. 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 2010 to 31 July 2011, the College paid 88.1 per cent of its invoices within 30 days. The College incurred no interest charges in respect of late payment for this period.

Post-balance sheet events

25. The post balance sheet events are as follows:

a) Apprenticeship Works

The college will make a financial commitment to invest in the subsidiary company Apprenticeship Works. The company was dormant during 2010-11 but will be active in 2011-12. This investment will expand the college's apprenticeship provision. It is anticipated that Havering College will be joint share-holders in the Apprenticeship Works during 2011-12.

b) New Developments

The College is in negotiations with a private training provider who also owns a commercial salon to acquire the company. This will enable College to expand its apprenticeship provision.

The College is also working in partnership with London Borough of Barking & Dagenham to open a training facility for young learners in the Barking town centre. This is expected to be open in September 2012.

c) Bequest

During 2010-11 the college was notified by executors of a former employee that they had left a legacy of circa value £950k to Barking & Dagenham College. The details are still in progress.

Future developments

26. With regard to the improved capacity provided by the new building on its main site, the College seeks to significantly increase student numbers over the next 3 years.
27. The College aims to significantly increase contribution by introducing a number of efficiency schemes across the college site. The College would like to reduce dependency on the Skills Funding Agency/YPLA and is seeking opportunities particularly in the areas where the College currently performs well such as HEFCE.
28. In 2011-12 the college will invest in a subsidiary company, Apprenticeship Works. The company was dormant during 2010-11 but will be active in 2011-12. This investment will expand the college's apprenticeship provision. It is anticipated that Havering College will be joint share-holders in Apprenticeship Works during 2011-12.
29. The College is in negotiations with a private training provider who also owns a commercial salon to acquire the company. This will enable College to expand its apprenticeship provision.
30. The College is working in partnership with London Borough of Barking & Dagenham to open a training facility centre for young learners in the Barking town centre. This is expected to be open in September 2012. The Centre's mission will be to offer vocational Education and Training opportunities to young people. It will cater for those young people (14 to 19) in the LBBD, who have an interest and aptitude for applied learning. A particular focus for the Centre will be the development of cohorts of learners at Technician level who will be able to access a growing range of jobs within the Sustainable technologies sector. Sustainability is key to the centre's purpose and is closely aligned with the Borough's strategic regeneration priorities. The Centre will provide a real work environment that resembles a place of employment rather than a traditional education institution.

RESOURCES

31. The College has various resources that it can deploy in pursuit of its strategic objectives. Tangible resources include the main college site and partnerships including Barking Learning Centre and Broadway Theatre.

Financial

32. The College has £19.188m (2009-10 £15.338m) of net assets including £5.045m pension liability (2009-10 £7.080m) and no long term debt.

People

33. The College employs 426 people (expressed as full time equivalents), of whom 316 are teaching staff.

Reputation

34. 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

35. The College has undertaken further work during the year to develop and embed the system of internal control, including financial, operational and risk management which is designed to protect the College's assets and reputation.
36. Based on the strategic plan, the Risk Management Group undertakes a comprehensive review of the risks to which the College is exposed. They identify systems and procedures, including specific preventable actions which should mitigate any potential impact on the College. The internal controls are then implemented and the subsequent year's appraisal will review their effectiveness and progress against risk mitigation actions. In addition to the annual review, the Risk Management Group will also consider any risks which may arise as a result of a new area of work being undertaken by the College.
37. A risk register is maintained at the College level which is reviewed at least annually by the Audit Committee and more frequently where necessary. The risk register identifies the key risks, the likelihood of those risks occurring, their potential impact on the College and the actions being taken to reduce and mitigate the risks. Risks are prioritised using a consistent scoring system. This is supported by a risk management training programme to raise awareness of risk throughout the College.
38. 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.

Government funding

39. The College has considerable reliance on continued government funding through the education sector funding bodies and HEFCE. In 2010/11, 83.4% of the College's revenue was ultimately public funded and this level of requirement is expected to continue. There are can be no

assurance that government policy or practice will remain the same or that public funding will continue at the same levels or on the same terms.

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

- The demand led funding system which applies a series of factors such as guided learning hours and success rates to calculate an amount of funding to be received for each learner. Such funding cannot be guaranteed though.

This risk is mitigated in a number of ways:

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

Tuition fee policy

40. Ministers confirmed that the fee assumption will increase from 47.5% in 2009/10 to 50% in 2010/11. In line with the majority of other colleges, Barking & Dagenham College will seek to increase tuition fees in accordance with the rising fee assumptions. The price elasticity of adult learning is not yet fully understood. The risk for the College is that demand falls off as fees increased. This will impact on the growth strategy of the College.

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

Maintain adequate funding of pension liabilities

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

STAKEHOLDER RELATIONSHIPS

42. In line with other colleges and with universities, Barking & Dagenham College has many stakeholders. These include:

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

- Professional bodies

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

Equal opportunities and employment of disabled persons

43. Barking & Dagenham 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.
44. The College's Equal Opportunities Policy, including its Race Relations and Transgender Policies, is published on the College's Internet site. The College considers all applications from disabled persons, bearing in mind the aptitudes of the individuals concerned. Where an existing employee becomes disabled, every effort is made to ensure that employment with the College continues. The College's policy is to provide training, career development and opportunities for promotion, which are, as far as possible, identical to those for other employees. An equalities plan is published each year and monitored by managers and governors.

Disability statement

45. The College seeks to achieve the objectives set down in the Disability Discrimination Act 1995 as amended by the Special Education Needs and Disability Acts 2001 and 2005.
 - a) As part of its accommodation strategy the College updated its access audit and has installed lifts and ramps to ensure most of the facilities allow access to people with a disability.
 - b) The College has appointed a company that specialises in access advice for disabled students to carry out surveys of the college and provide advice on the needs of disabled people.
 - c) There is a list of specialist equipment, such as lighting for audio facilities, which the College can make available for use by students.
 - d) The admissions policy for all students is published by the College. Appeals against a decision not to offer a place are dealt with under the complaints policy.
 - e) The College has made a significant investment in the appointment of specialist lecturers to support students with learning difficulties and/or disabilities. There are a number of student support assistants who can provide a variety of support for learning. There is a continuing programme of staff development to ensure the provision of a high level of appropriate support for students who have learning difficulties and/or disabilities.
 - f) Specialist programmes are described in College prospectuses, and achievements and destinations are recorded and published in the standard College format.
 - g) Counselling and welfare services are described in the College Student Planner, which is issued to students at induction and also includes sections covering the Complaints and Disciplinary Procedures.

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 5th December 2011 and signed on its behalf by:

A handwritten signature in black ink, appearing to be 'John Middleton', written over a light grey rectangular background.

**John Middleton
Chair of Corporation**

Professional Advisors

Financial Statement and Regularity Auditors:

Baker Tilly UK Audit LLP
Marlborough House
Chelmsford
Essex
CM1 1LN

Internal Auditors:

RSM Tenon
Vantage
Victoria Street
Basingstoke
Hampshire
RG21 3BT

Bankers:

Barclays Bank
Canary Wharf
London
E14 5HP

Solicitors:

Mills & Reeve
Norwich
Norfolk
NR3 1RU

VAT Advisors:

Davies-Mayers
Pillar House
Bath Road
Gloucestershire
GL53 7LS

Statement of Corporate Governance and Internal Control

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

In the opinion of the governors, the College complies with all the provisions of the Code in so far as they apply to the Further Education Sector, and it has complied throughout the year ended 31 July 2011.

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 below:

Governors serving on the College Board during 2010/11

	<i>Date of appointment</i>	<i>Term of Office</i>	<i>Date of resignation</i>	<i>Committees served</i>
Selena Bolingbroke	12.10.09	4 years		Corporation, Chair of Policy and Resources
Joan Brandon	07.12.00 (Re-appointed 7.12.04 & 28.07.09)	4 years	01.01.11	
Jon Cruddas	Re-appointed 12/10/10	4 years	25.11.10	Corporation
Cllr Evelyn Carpenter	26.02.08	4 years		Corporation, Performance & Standards
Joan Davies	30.6.05 (Re-appointed 28.07.09)	4 years	01.01.11	
Stephen Daly	12.10.10	4 years		Corporation
John Fagan	02.06.08	4 years		Corporation, Audit, Remuneration
Alastair Grindlay	25.11.10	4 years		Corporation, Policy & Resources
Rod Hewett	30.6.05 (Re-appointed 28.07.09)	4 years		Corporation
Brendan James	03.04.08	4 years		Corporation, Chair of Performance & Standards
Elaine James	29.6.99 (Re- appointed 29.6.03, 29.06.07)	4 years		Chair of Corporation, Policy & Resources, Remuneration, Chair of Search & Governance
John Middleton	25.11.2010	4 years		Corporation, Remuneration, Search & Governance
Tenisia Rodney	26.02.08 (Re-appointed 28.07.09,)	1 year		Corporation
Alastair Sinclair	25.11.10	4 years		Corporation, Chair of Audit Committee
Stephen Thompson	10.03.02 (Re-appointed 10.03.06, 11.11.09)	4 years	01.01.11	
Cathy Walsh	01.09.08	Ex-officio		Corporation, Policy and Resources, Performance and Standards, Search & Governance
Jenni Williams	12.10.09	4 years		Corporation, Policy & Resources
Sonia Allen was Clerk to the Corporation until June 2011.				

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

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

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

Barking & Dagenham College
Dagenham Road
Romford
Essex
RM7 0XU

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 Chairman and Principal are separate.

Appointments to the Corporation

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

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

Remuneration committee

Throughout the year ending 31 July 2011, the College's remuneration committee comprised three members of the Corporation. The committee's responsibilities are to make recommendations to the Board on the remuneration and benefits of the Principal and other senior post-holders. Details of remuneration for the year ended 31 July 2011 are set out in note 7.

Audit committee

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

The Audit Committee meets on a termly basis and provides a forum for reporting by the College's internal, regularity and financial statements auditors, who have access to the Committee for independent discussion, without the presence of College management. The 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.

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

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

Internal control

Scope of responsibility

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

The Corporation has delegated the day-to-day responsibility to the Principal, as Accounting Officer, for maintaining a sound system of internal control that supports the achievement of the College's policies, aims and objectives, whilst safeguarding the public funds and assets for which she is personally responsible, in accordance with the responsibilities assigned to her in the Financial Memorandum between Barking & Dagenham College and the funding bodies. The Principal is also responsible for reporting to the Corporation any material weaknesses or breakdowns in internal control.

The purpose of the system of internal control

The system of internal control is designed to manage risk to a reasonable level rather than to eliminate all risk of failure to achieve policies, aims and objectives; it can therefore only provide reasonable and not absolute assurance of effectiveness. The system of internal control is based on an ongoing process designed to identify and prioritise the risks to the achievement of College policies, aims and objectives, to evaluate the likelihood of those risks being realised and the impact should they be realised, and to manage them efficiently, effectively and economically. The system of internal control has been in place in Barking & Dagenham College for the year ended 31 July 2011 and up to the date of approval of the annual report and accounts.

Capacity to handle risk

The Corporation has reviewed the key risks to which the College is exposed together with the operating, financial and compliance controls that have been implemented to mitigate those risks. The Corporation is of the view that there is a formal ongoing process for identifying, evaluating and managing the College's significant risks that has been in place for the period ending 31 July 2011 and up to the date of approval of the annual report and accounts. This process is regularly reviewed by the Corporation.

The risk and control framework

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

- comprehensive budgeting systems with an annual budget, which is reviewed and agreed by the governing body
- regular reviews by the governing body of periodic and annual financial reports which indicate financial performance against forecasts

- setting targets to measure financial and other performance
- clearly defined capital investment control guidelines
- the adoption of formal project management disciplines, where appropriate.

Barking & Dagenham College has an internal audit service, which operates in accordance with the requirements of the LSC's *Audit Code of Practice*. The work of the internal audit service is informed by an analysis of the risks to which the College is exposed, and annual internal audit plans are based on this analysis. The analysis of risks and the internal audit plans are endorsed by the Corporation on the recommendation of the audit committee. At minimum annually, the Head of Internal Audit (HIA) provides the governing body with a report on internal audit activity in the College. The report includes the HIA's independent opinion on the adequacy and effectiveness of the College's system of risk management, controls and governance processes.

Review of effectiveness

As Accounting Officer, the Principal has responsibility for reviewing the effectiveness of the system of internal control. The 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, the regularity auditors (for colleges in plan-led funding), the appointed funding auditors (for colleges outside plan-led funding) in their management letters and other reports.

The Principal has been advised on the implications of the result of the 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 strategic management team receives reports setting out key performance and risk indicators and considers possible control issues brought to their attention by early warning mechanisms, which are embedded within the departments and reinforced by risk awareness training. The senior management team and the Audit Committee also receive regular reports from internal audit, which include recommendations for improvement. The Audit Committee's role in this area is confined to a high-level review of the arrangements for internal control. The Corporation's agenda includes a regular item for consideration of risk and control and receives reports thereon from the senior management team and the Audit Committee. The emphasis is on obtaining the relevant degree of assurance and not merely reporting by exception. At its December 2011 meeting, the Corporation carried out the annual assessment for the year ended 31 July 2011 by considering documentation from senior management team and internal audit and taking account of events since 31 July 2011.

Going concern

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

Approved by order of the members of the Corporation on 5th December 2011 and signed on its behalf by:

Signed:



Chair: John Middleton

Date: 5th December 2011

Signed:



Principal and CEO: Cathy Walsh

Date: 5th December 2011

Statement of Responsibilities of the Members of the Corporation

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

Within the terms and conditions of the Financial Memorandum between the Skills Funding Agency and the Corporation of the College, the Corporation, through its Principal, is required to prepare financial statements for each financial year in accordance with the 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, and which give a true and fair view of the state of affairs of the College and the result for that year.

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

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

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

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

The maintenance and integrity of the College website is the responsibility of the Corporation of the College; the work carried out by the auditors does not involve consideration of these matters and, accordingly, the auditors accept no responsibility for any changes that may have occurred to the financial statements since they were initially presented on the website. Legislation in the United Kingdom governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

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

Approved by order of the members of the Corporation on 5th December 2011 and signed on its behalf by:



John Middleton
[Chair]

Independent report to the Corporation of Barking & Dagenham College ('the Corporation') and the Chief Executive of Skills Funding

In accordance with the terms of our engagement letter dated 27th April 2007 and further to the requirements of the Skills Funding Agency, we have carried out a review to obtain assurance about whether, in all material respects, the expenditure (disbursed) and income (received) of Barking & Dagenham College ('the College') during the year ended 31 July 2011 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 Chief Executive of Skills Funding. Our review work has been undertaken so that we might state to the Corporation and the Chief Executive of Skills Funding those matters we are required to state to them 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 Chief Executive of Skills Funding, for our review work, for this report, or for the opinion we have formed.

Respective responsibilities of the Members of the Corporation of Barking & Dagenham 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 disbursed and income received are applied for the purposes intended by Parliament and the financial transactions conform to the authorities which govern them.

Our responsibilities for this review are established in the United Kingdom by our profession's ethical guidance and the audit guidance set out in the revised Joint Code of Practice (part 1) issued jointly by the Skills Funding Agency and the Young People's Learning Agency and the Audit Code of Practice and the Regularity Audit Framework 2006/07 issued by the LSC. We report to you whether, in our opinion, in all material respects, the College's expenditure disbursed and income received during the year ended 31 July 2011 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 revised Joint Code of Practice (part 1) issued jointly by the Skills Funding Agency and the Young People's Learning Agency and the Audit Code of Practice and the Regularity Audit Framework 2006/07 issued by the Learning Skills Council. 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 all material respects the expenditure disbursed and income received during the year ended 31 July 2011 has been applied to purposes intended by Parliament and the financial transactions conform to the authorities which govern them.



BAKER TILLY UK AUDIT LLP
Chartered Accountants
Marlborough House
Victoria Road South
Chelmsford
Essex
CM1 1LN

Date

INDEPENDENT AUDITOR'S REPORT TO THE CORPORATION OF BARKING AND DAGENHAM COLLEGE¹

We have audited the College financial statements ("the financial statements") set out on pages 20 to 46. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom accounting standards (United Kingdom Generally Accepted Accounting Practice).

This report is made solely to the Corporation, as a body, in accordance with Article 22 of the College's Articles of Government. 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 auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Corporation, as a body, for our audit work, for this report, or for the opinions we have formed.

Respective Responsibilities of the Corporation of Barking & Dagenham College and Auditor

As explained more fully in the Statement of the Corporation's Responsibilities set out on page 17, the Corporation is responsible for the preparation of financial statements which give a true and fair view.

Our responsibility is to audit, and express an opinion on, the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's (APB's) Ethical Standards for Auditors.

Scope of the audit of the financial statements

A description of the scope of an audit of financial statements is provided on the APB's website at www.frc.org.uk/apb/scope/private.cfm.

Opinion on financial statements

In our opinion the financial statements:

- give a true and fair view of the state of the College's affairs as at 31 July 2011 and of the College's surplus of income over expenditure for the year then ended; and
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice.

Matters on which we are required to report by exception

We have nothing to report in respect of the following matters where the revised Joint Audit Code of Practice (Part 1) issued jointly by the Skills Funding Agency and the Young People's Learning Agency and the Audit Code of Practice issued by the Learning and Skills Council requires us to report to you if, in our opinion:

- proper accounting records have not been kept; or
- the financial statements are not in agreement with the accounting records.

BAKER TILLY UK AUDIT LLP
Statutory Auditor
Chartered Accountants
Marlborough House
Victoria Road South
Chelmsford
Essex
CM1 1LN

Baker Tilly UK Audit LLP 16 December 2011

Barking & Dagenham College
Income and Expenditure Account

	Notes	2011		2010	
		£'000	£'000	£'000	£'000
INCOME					
Funding body grants	2		25,730		27,051
Tuition fees and education contracts	3		2,756		2,337
Other grants and contracts	4		964		1,193
Investment income	5		35		29
Total income			29,485		30,610
EXPENDITURE					
Staff costs	6	17,021		18,467	
FRS 17 pension gain	27	-		(1,404)	
Exceptional restructuring costs	6	660		584	
Other operating expenses	8	8,463		10,279	
Depreciation and amortisation	12/13	1,718		1,584	
Interest and other finance costs	9	256		383	
Total expenditure			28,118		29,893
Exceptional Items					
CEME investment write off	13	-		(975)	
CEME grant write off	13	-		325	
Total exceptional items			-		(650)
Surplus on continuing operations after depreciation of tangible fixed assets at valuation and exceptional items and before tax					
			1,367		67
Taxation	10		-		-
Surplus on continuing operations after depreciation of assets at valuation and tax	11		1,367		67
Surplus for the year retained within general reserves					
			1,367		67

The income and expenditure account is in respect of continuing activities

There were no operations that were acquired or discontinued by Barking & Dagenham College during the year

Barking & Dagenham College
Statement of Historical Cost Surpluses and Deficits

	Notes	2011 £'000	2010 £'000
Surplus on continuing operations before taxation		1,367	67
Difference between historical cost depreciation and the actual charge for the year calculated on the revalued amount	19	417	417
Historical cost surplus for the year before taxation		<u>1,784</u>	<u>484</u>
Historical cost surplus for the year after taxation		<u>1,784</u>	<u>484</u>

Statement of Total Recognised Gains and Losses

	Notes	2011 £'000	2010 £'000
Surplus on continuing operations after depreciation of assets at valuation and tax		1,367	67
Actuarial gain/(loss) in respect of pension scheme	27	2,221	(185)
Total recognised gains/(losses) since last report		<u>3,588</u>	<u>(118)</u>
Reconciliation			
Opening reserves		12,104	12,222
Total recognised gains/(losses) for the year		3,588	(118)
Closing reserves		<u>15,692</u>	<u>12,104</u>

Barking & Dagenham College
Balance sheets as at 31 July

	Notes	2011 £'000	2010 £'000
Fixed assets			
Tangible assets	12	19,391	19,021
Investments	13	2,648	2,836
Total fixed assets		22,039	21,857
Current assets			
Stocks		14	10
Debtors	14	714	1,349
Accrued income and prepayments	14	75	79
Cash at bank and in hand	25	6,781	4,728
Total current assets		7,583	6,166
Less: Creditors – amounts falling due within one year	15	(3,446)	(3,590)
Net current assets		4,138	2,576
Total assets less current liabilities		26,177	24,433
Less: Creditors – amounts falling due after more than one year	16	276	387
Less: Provisions for liabilities	17	1,668	1,628
Net assets excluding pension liability		24,233	22,418
Net pension liability	27	(5,045)	(7,080)
NET ASSETS INCLUDING PENSION LIABILITY		19,188	15,338
Deferred capital grants	18	3,496	3,234
Reserves			
Income and expenditure account excluding pension reserve	20	14,550	12,580
Pension reserve	27	(5,045)	(7,080)
Income and expenditure account including pension reserve	20	9,505	5,500
Revaluation reserve	19	6,187	6,604
Total reserves		15,692	12,104
TOTAL FUNDS		19,188	15,338

The financial statements on pages 20 to 46 were approved by the Corporation on 5 December 2011 and were signed on its behalf on that date by:

John Middleton
Chair



Cathy Walsh
Principal & CEO



Barking & Dagenham College
Cash Flow Statement

	Notes	2011 £'000	2010 £'000
Cash inflow from operating activities	21	3,448	1,003
Returns on investments and servicing of finance	22	35	29
Capital expenditure and financial investment	23	(1,430)	(2,779)
Management of liquid resources	24	-	4,007
Increase in cash in the year		<u>2,053</u>	<u>2,260</u>
Reconciliation of net cash flow to movement in net funds			
Increase in cash in the period		2,053	2,260
Cash inflow from liquid resources	24	<u>-</u>	<u>(4,007)</u>
Movement in net funds in the period		2,053	(1,747)
Net funds at 1 August		4,728	6,475
Net funds at 31 July		<u>6,781</u>	<u>4,728</u>

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

These financial statements have been prepared in accordance with the *Statement of Recommended Practice: Accounting for Further and Higher Education 2007* (the SORP) and in accordance with applicable Accounting Standards. They conform to guidance published jointly by the Skills Funding Agency and the Young Peoples Learning Agency in the 2010/11 Accounts Direction Handbook.

In line with guidance provided by the LSC in the 2008-09 Accounts Direction Handbook, the impairment of the investment and associated grant release have been presented separately from the remainder of the income and expenditure of the college. This presentation is necessary to better deliver a true and fair view of the results of the college for the year. Exceptional items as defined by FRS3 paragraph 20 continues to be recorded after the operating surplus or deficit of the college.

Basis of accounting

The financial statements are prepared in accordance with the historical cost convention modified by the revaluation of certain fixed assets and in accordance with the applicable United Kingdom accounting standards.

Going concern

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

Basis of consolidation

At the year end Barking & Dagenham College had two subsidiary companies; Aspire Limited and Apprenticeships Work Limited. These companies have not been consolidated in the 2010-11 accounts as they were dormant during this period.

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 bodies 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 of the single budget allocation 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 funding element of the single budget allocation 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.

Non-recurrent grants from the funding bodies 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 grants, contracts and other services rendered is included to the extent the conditions of the funding have been met or 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 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) and the assets are held separately from those of the college.

The TPS is an unfunded scheme and contributions are calculated so as to spread the cost of pensions over employees' working lives with the College in such a way that the pension cost is a substantially level percentage of current and future pensionable payroll. The contributions are determined by the Government Actuary on the basis of quinquennial valuations using a prospective benefit method. As stated in Note 27 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 LGPS is a funded scheme and the assets are held separately from those of the college in separate trustee administered funds. Pension scheme assets are measured at fair value and liabilities are measured on an actuarial basis using the projected unit method and discounted at a rate equivalent to the current rate of return on a high quality corporate bond of equivalent term and currency to the liabilities. The actuarial valuations are obtained at least triennially and are updated at each balance sheet date. The amounts charged to operating surplus are the current service costs and gains and losses on settlements and curtailments. They are included as part of staff costs. Past service costs are recognised immediately in the income and expenditure account if the benefits have vested. If the benefits have not vested immediately, the costs are recognised over the period until vesting occurs. The expected return on assets and the interest cost are shown as a net finance amount of other finance costs or credits adjacent to interest. Actuarial gains and losses are recognised immediately 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 any enhancement to the ongoing pension of a former member of staff is charged in full to the college's income and expenditure account in the year that the member of staff retires. In subsequent years a charge is made to provisions in the balance sheet using the enhanced pension spreadsheet provided by the funding bodies.

Tangible fixed assets

Land and buildings

Land and buildings inherited from the local education authority and buildings acquired since incorporation are stated in the balance sheet at valuation on the basis of depreciated replacement cost

as the open market value for existing use is not readily obtainable. The associated credit is included in the revaluation reserve. The difference between depreciation charged on the historic cost of assets and the actual charge for the year calculated on the revalued amount is released to the income and expenditure account reserve on an annual basis. Land and buildings acquired since incorporation are included in the balance sheet at cost. Freehold land is not depreciated. Freehold buildings are depreciated over their expected useful economic life to the College of between 10 and 60 years. Leasehold buildings are depreciated over the life of the lease. It should be noted that during 2010-11 the college acquired a leasehold property, London Road, where the premises were refurbished to an industry standard facility for motor vehicle provision. The lease agreement is for five years and thus the costs will be depreciated over this period.

Where land and buildings are acquired with the aid of specific grants, they are capitalised and depreciated as above. The related grants are credited to a deferred capital grant account, and are released to the income and expenditure account over the expected useful economic life of the related asset on a basis consistent with the depreciation policy.

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

A review for impairment of a fixed asset is carried out if events or changes in circumstances indicate that the carrying amount of any fixed asset may not be recoverable. Shortfalls between the carrying value of fixed assets and their recoverable amounts, are recognised as impairments. Impairment losses are recognised in the income and expenditure account.

On adoption of FRS 15, the College followed the transitional provision to retain the book value of land and buildings, which were revalued in 1996, but not to adopt a policy of revaluations of these properties in the future. These values are retained subject to the requirement to test assets for impairment in accordance with FRS 11.

Assets under construction

Assets under construction are accounted for at cost, based on the value of architects' certificates and other direct costs, incurred to 31 July. 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:

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

Buildings owned by third parties

Where land and buildings are used, but the legal rights are held by a third party, for example a charitable trust, they are only capitalised if the College has rights or access to ongoing future economic benefit.

These assets are then depreciated over their expected useful economic life.

Equipment

Equipment costing more than £2,000 or more per individual item and all computer hardware and software is capitalised at cost. All other equipment is written off to the income and expenditure account in the period of acquisition.

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

- Motor vehicle - three years
- General equipment - five years and ten years
- Computer equipment - three to eight years
- Equipment acquired for specific projects - project life

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.

Investments

Listed investments held as fixed assets or endowment assets are stated at market value. Current asset investments, which may include listed investments, are stated at the lower of their cost and net realisable value.

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

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

Taxation

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

The College is partially exempt in respect of Value Added Tax, so that it can only recover a minor element of VAT charged on its inputs. Irrecoverable VAT on inputs is included in the costs of such inputs and added to the cost of tangible fixed assets as appropriate, where the inputs themselves are tangible fixed assets by nature.

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, 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 probable that a transfer of economic benefit will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation.

Agency arrangements

The College acts as an agent in the collection and payment of Discretionary Support Funds, Education Maintenance Allowances and Adult Learning Grants. Related payments received from the funding bodies and subsequent disbursements to students are excluded from the Income and Expenditure account and are shown separately in Note 33, 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.

Golden Hellos

The College acts as an agent in the collection and payment of Golden Hellos. Related payments received from the funding bodies and subsequent disbursement to employees are excluded from the Income and Expenditure account and are shown separately in note 34.

Barking & Dagenham College
Notes to the Accounts (continued)

2 Funding council grants

	2011 £'000	2010 £'000
Recurrent Grant - main funding body	23,053	22,716
Recurrent grant - HEFCE	921	912
Non Recurrent Grant - Main funding body	1,548	3,085
Releases of deferred capital grants (note18)	208	338
Total	25,730	27,051

3 Tuition fees and education contracts

	2011 £'000	2010 £'000
Tuition fees	1,789	1,317
Education contracts	967	1,020
Total	2,756	2,337

4 Other income grants and contracts

	2011 £'000	2010 £'000
Other Income	911	1,036
Grants	53	157
Total	964	1,193

5 Investment Income

	2011 £'000	2010 £'000
Other interest receivable	35	29
Total	35	29

Barking & Dagenham College
Notes to the Accounts (continued)

6 Staff costs

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

	2011 No.	2010 No.
Teaching staff	316	338
Non teaching staff	<u>110</u>	<u>104</u>
	426	442
Staff costs for the above persons		
	2011 £'000	2010 £'000
Wages and salaries	13,427	13,638
Social security costs	1,019	1,074
Other pension costs (including FRS 17 adjustments of £70,000 – 2010: £38,000cr)	1,575	1,617
Payroll sub total	<u>16,021</u>	<u>16,329</u>
Contracted out staffing services	1,000	2,138
	<u>17,021</u>	<u>18,467</u>
Exceptional restructuring costs	<u>660</u>	<u>584</u>
Total	<u><u>17,681</u></u>	<u><u>19,051</u></u>

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	
	2011 No.	2010 No.	2011 No.	2010 No.
£130,001 to £140,000	1	1	-	-
£120,001 to £130,000	-	-	-	-
£110,001 to £120,000	-	-	-	-
£100,001 to £110,000	<u>1</u>	<u>2</u>	<u>-</u>	<u>-</u>
	<u><u>2</u></u>	<u><u>3</u></u>	<u><u>-</u></u>	<u><u>-</u></u>

During the year 2010-11 college Governors did not receive any financial reimbursement.

Barking & Dagenham College
Notes to the Accounts (continued)

7 Senior post-holders' emoluments

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

	2011 No.	2010 No.
The number of senior post-holders including the Principal was:	2	3
	<u> </u>	<u> </u>

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

	2011 £'000	2010 £'000
Salaries	219	249
Benefits in kind	-	-
Pension contributions	31	36
Total emoluments	<u> </u> <u> </u> 250	<u> </u> <u> </u> 285

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

	2011 £'000	2010 £'000
Salaries	134	121
Benefits in kind	0	0
	<u> </u> <u> </u> 134	<u> </u> <u> </u> 121
Pension contributions	<u> </u> <u> </u> 19	<u> </u> <u> </u> 17

The pay award for the Principal in 2010-11 was 0.63% effective from the 1 April 2011

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

Compensation for loss of office paid to a former senior post-holder or higher paid employee

	2011 £'000	2010 £'000
Compensation paid to the former post-holder	-	67
Estimated value of other benefits, including provisions for pension benefits	-	-
	<u> </u> <u> </u>	<u> </u> <u> </u>

Barking & Dagenham College
Notes to the Accounts (continued)

8 Other operating expenses

	2011	2010
	£'000	£'000
Teaching costs	2,025	2,849
Non teaching costs	4,713	5,718
Premises costs	1,725	1,712
Total	8,463	10,279

Other operating expenses include:

	2011	2010
	£'000	£'000
Auditors' remuneration:		
Financial statements audit	28	34
Internal audit	47	30
Hire of land & buildings - operating leases	85	-

9 Interest payable

	2011	2010
	£'000	£'000
Pension finance costs (note 27)	256	383
Total	256	383

10 Taxation

The members do not believe the College was liable for any corporation tax arising out of its activities during the year

11 Surplus on continuing operations for the period

The surplus on continuing operations for the year is made up as follows:

	2011	2010
	£'000	£'000
College's surplus for the period	1,367	67
Total	1,367	67

Barking & Dagenham College
Notes to the Accounts (continued)

12 Tangible fixed assets

	Land and buildings Freehold	Short Lease	Equipment	Total
	£'000	£'000	£'000	£'000
Cost or valuation				
At 1 August 2010	27,859	-	14,255	42,114
Additions	325	759	816	1,900
At 31 July 2011	28,184	759	15,071	44,014
Depreciation				
At 1 August 2010	10,760	-	12,333	23,093
Charge for the year	719	115	696	1,530
At 31 July 2011	11,479	115	13,029	24,623
Net book value at 31 July 2011	16,705	644	2,042	19,391
Net book value at 31 July 2010	17,099	-	1,922	19,021

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.

During 2010-11 the college leased premises at London Road. Costs were incurred to refurbish and develop the building to an industry standard motor vehicle facility. These costs are being depreciated over the life of the lease, 5 years in this instance.

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

	£'000
Cost	Nil
Aggregate depreciation based on cost	Nil
Net book value based on cost	<u>Nil</u>

The College was incorporated in January 1993. At the time the London Borough of Barking & Dagenham gave permission for Barking College to value inherited land, property and building assets at £9.606m. The assets were last revalued at £12.545m in 1995.

Barking & Dagenham College
Notes to the Accounts (continued)

13 Investments

	Year Ended 31st July 2011		Year Ended 31st July 2010	
	£'000	£'000	£'000	£'000
CEME (including grant) at cost	1,500		1,500	
Less Amortisation/impairment	<u>(1,500)</u>	0	<u>(525)</u>	975
Broadway Theatre	1,800		1,800	
Less Amortisation	<u>(630)</u>	1,170	<u>(540)</u>	1,260
Barking Learning Centre	1,772		1,772	
Less Amortisation	<u>(294)</u>	1,478	<u>(196)</u>	1,576
		<u><u>2,648</u></u>		<u><u>3,811</u></u>
<u>Exceptional item</u>				
Write off CEME investment		0		(975)
Total write off		<u>0</u>		<u>(975)</u>
		<u><u>2,648</u></u>		<u><u>2,836</u></u>
		£		£
		2011		2010
Investment in subsidiary company - Aspire		1		-
Investment in subsidiary company - Apprenticeship Works		1		-
Total		<u><u>2</u></u>		<u><u>-</u></u>

The college owns 100 per cent of the issued £1 share of Aspire Limited, a company incorporated in England & Wales and 100 per cent of the issued £1 share of Apprenticeship Works Limited, a company incorporated in England & Wales. The principal business of Aspire Limited is to act as the holding company for all BDC investments. The Apprenticeship Works Limited principal activity is an employment business for providing employment for apprentices. Both companies were dormant during 2010-11.

Broadway Theatre

The College has entered into a Development Agreement by which it has agreed to make capital contributions of £1,800,000 to refurbish with Barking & Dagenham Council the Broadway Theatre building. The college has exclusive use of one part of the building, for the purposes of delivering vocational courses, and shares common services with other users for a period of no less than twenty years.

The investment will be amortised on a straight line basis over a period of twenty years from the 1st August 2004.

Barking & Dagenham College
Notes to the Accounts (continued)

13 Investments (continued)

Barking Learning Centre

The College has entered into a lease and memorandum of understanding by which it has agreed to make capital contributions of £1,772,000 towards the cost of the Barking Learning Centre. The college has exclusive use of parts of the building for the purposes of delivering a range of courses and shares common services with other users, London Borough of Barking & Dagenham and University of East London for a period of not less than twenty years.

The investment will be amortised on a straight line basis over a twenty year period. The college has received LSC grant approval for a sum of £167,000 towards the cost of the investment which is being released over a similar period.

14 Debtors

	2011	2010
	£'000	£'000
Amounts falling due within one year:		
Trade debtors	714	1,265
Prepayments and accrued income	75	79
Amounts owed by the Skills Funding Agency/YPLA	-	84
Total	789	1,428

15 Creditors: amounts falling due within one year

	2011	2010
	£'000	£'000
Payments received in advance	258	250
Trade creditors	575	1,670
Other taxation and social security	335	345
Payments on Account	211	226
Accruals	2,067	1,099
Total	3,446	3,590

16 Creditors: amounts falling due after one year

	2011	2010
	£'000	£'000
VAT Liability	276	387

Barking & Dagenham College
Notes to the Accounts (continued)

17 Provisions for liabilities and charges

	Enhanced pensions £'000	Total £'000
At 1 August 2010	1,628	1,628
Expenditure in the year	111	111
Transferred from income and expenditure account	(71)	(71)
At 31 July 2011	<u>1,668</u>	<u>1,668</u>

The enhanced pension provision relates to the cost of staff who have already left the College's employment. This provision has been recalculated in accordance with guidance provided by the funding bodies.

The principal assumptions for this calculation are:

	2011	2010
Price inflation	5.36%	5.40%
Discount rate	2.75%	3.00%

18 Deferred capital grants

	Funding Body Grants £'000	Other grants £'000	Total £'000
At 1 August 2010	3,086	148	3,234
Cash received	443	27	470
Released to income and expenditure account	(167)	(41)	(208)
At 31 July 2011	<u>3,362</u>	<u>134</u>	<u>3,496</u>

Barking & Dagenham College
Notes to the Accounts (continued)

19 Revaluation reserve

	2011 £'000	2010 £'000
At 1 August	6,604	7,021
Transfer from revaluation reserve to general reserve in respect of: Depreciation on revalued assets	(417)	(417)
At 31 July	6,187	6,604

20 Movement on general reserves

	2011 £'000	2010 £'000
Income and expenditure account reserve		
At 1 August	5,500	5,201
Surplus retained for the year	1,367	67
Transfer from revaluation reserve	417	417
Actuarial gain/(loss) in respect of pension scheme	2,221	(185)
At 31 July	9,505	5,500
Balance represented by:		
Pension reserve	(5,045)	(7,080)
Income and expenditure account reserve excluding pension reserve	14,550	12,580
At 31 July	9,505	5,500

Barking & Dagenham College
Notes to the Accounts (continued)

21 Reconciliation of consolidated operating (deficit)/surplus to net cash inflow from operating activities

	2011 £'000	2010 £'000
Surplus on continuing operations after depreciation of assets at valuation	1,367	67
Depreciation & Amortisation (notes 1,12 and 13)	1,718	1,584
CEME investment write off (note 13)	-	975
CEME grant write off (note 13)	-	(325)
Deferred capital grants released to income (note 18)	(208)	(336)
Interest payable (note 9)	256	383
Interest receivable (note 5)	(35)	(29)
FRS 17 pension cost less contributions payable (notes 6 and 27)	(70)	(1,366)
(Increase) in stocks	(4)	(6)
Decrease/(increase) in debtors	639	(90)
(Decrease)/increase in creditors	(255)	395
Increase/(decrease) in provisions	40	(249)
Net cash inflow from operating activities	3,448	1,003

22 Returns on investments and servicing of finance

	2011 £'000	2010 £'000
Other interest received	35	29
Net cash inflow from returns on investment and servicing of finance	35	29

23 Capital expenditure and financial investment

	2011 £'000	2010 £'000
Purchase of tangible fixed assets	(1,900)	(2,839)
Deferred capital grants received	470	60
Net cash outflow from capital expenditure and financial investment	(1,430)	(2,779)

Barking & Dagenham College
Notes to the Accounts (continued)

24 Management of liquid resources

	2011 £'000	2010 £'000
Withdrawals from deposits	-	4,007
Net cash inflow from management of liquid resources	-	4,007

25 Analysis of changes in net funds

	At 1 August 2010 £'000	Cash flows £'000	At 31 July 2011 £'000
Cash in hand, and at bank	4,728	2,053	6,781
Total	4,728	2,053	6,781

26 Major non-cash transactions

During the year the college released a provision of £71,000 for future pension costs.

Barking & Dagenham College Notes to the Accounts (continued)

27 Pension and similar obligations

The College's employees belong to two principal pension schemes: the Teachers' Pension Scheme England and Wales (TPS) for academic and related staff; and the Local Government Pension Scheme (LGPS) for non-teaching staff, which is managed by the London Borough of Barking and Dagenham and CAPITA respectively. Both are defined-benefit schemes.

Total pension cost for the year	2011 £'000	2010 £'000
Teachers Pension Scheme: contributions paid	912	935
Local Government Pension Scheme:		
Contributions paid	844	757
FRS 17 charge	<u>(70)</u>	<u>(1,366)</u>
Charge to the Income and Expenditure Account (staff costs)	774	(609)
Enhanced pension charge to Income and Expenditure Account (staff costs)	(111)	(113)
Total Pension Cost for Year	<u>1,575</u>	<u>213</u>

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 2010.

Teachers' Pension Scheme

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

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

Following the implementation of Teacher's Pension (Employers' Supplementary Contributions) Regulations 2000, the Government Actuary carried out a further review on the level of employer contributions. For the period from 1 August 2010 to 31 July 2011 the employer contribution was 14.1 per cent. The employee rate was 6.4 per cent for the same period. An appropriate provision in respect of unfunded pensioners' benefits is included in provisions.

Barking & Dagenham College

Notes to the Accounts (continued)

27 Pension and similar obligations (continued)

FRS 17

Under the definitions set out in Financial Reporting Standard (FRS 17) Retirement Benefits, the TPS is a multi-employer pension scheme. The College is unable to identify its share of the underlying assets and liabilities of the scheme.

Accordingly, the College has taken advantage of the exemption in FRS17 and has accounted for its contributions to the scheme as if it were a defined-contribution scheme. The College has set out above the information available on the scheme and the implications for the College in terms of the anticipated contribution rates.

Local Government Pension Scheme

The LGPS is a funded defined-benefit scheme, with the assets held in separate trustee-administered funds. The total contribution made for the year ended 31 July 2011 was £1,131,000, of which employer's contributions totalled £844,000 and employees' contributions totalled £287,000. The agreed contribution rates for future years are 19.2 per cent for employers and 6 per cent for employees.

FRS 17

Principal Actuarial Assumptions	At 31 July 2011	At 31 July 2010
Rate of increase in salaries	5.00%	4.90%
Rate of increase for pensions in payment / inflation	2.70%	2.90%
Discount rate for scheme liabilities	5.30%	5.40%
Inflation assumption (CPI)	6.10%	6.30%

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

	At 31 July 2011	At 31 July 2010
<i>Retiring today</i>		
Males	21.20	20.80
Females	23.10	24.10
<i>Retiring in 20 years</i>		
Males	22.70	22.80
Females	25.00	26.20

Barking & Dagenham College
Notes to the Accounts (continued)

27 Pension and similar obligations

Local Government Pension Scheme (Continued)

The college's estimated share of the assets and liabilities in the scheme and the expected rates of return were:

	Long-term rate of return expected at 31 July 2011	Value at 31 July 2011 £'000	Long-term rate of return expected at 31 July 2010	Value at 31 July 2010 £'000
Equities	7.00%	9,242	7.30%	7,880
Bonds	4.60%	4,091	4.80%	3,668
Property	5.10%	1,364	5.30%	951
Cash	4.00%	455	4.40%	1087
Fair value of scheme assets		15,152		13,586
Present value of scheme liabilities				
- Funded		(20,180)		(20,650)
- Unfunded		(17)		(16)
Related deferred tax liability		-		-
Deficit in the scheme		(5,045)		(7,080)

Analysis of the amount charged to income and expenditure account

	2011 £'000	2010 £'000
Current service cost	753	796
Past service cost	-	(1,404)
Adjustment	-	(1)
Loss on curtailments	23	-
Total operating charge	<u>776</u>	<u>(609)</u>

Analysis of pension finance costs

	2011 £'000	2010 £'000
Expected return on pension scheme assets	(872)	(779)
Interest on pension liabilities	1,128	1,162
Pension finance costs	<u>256</u>	<u>383</u>

The actual return on scheme assets was £1,770,000 (2010: £1,783,000)

Barking & Dagenham College
Notes to the Accounts (continued)

27 Pension and similar obligations

Local Government Pension Scheme (Continued)

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

	2011 £'000	2010 £'000
Actuarial gains on pension scheme assets	144	999
Actuarial gain/(losses) on scheme liabilities	2,077	(1,184)
Actuarial gain/(loss) recognised in STRGL	<u>2,221</u>	<u>(185)</u>

Cumulative actuarial losses recognised in the Statement of Total Regonsised Gains and Losses are £1,964,000 (2010: £4,185,000).

Asset and Liability Reconciliation

	2011 £'000	2010 £'000
Reconciliation of Liabilities		
Liabilities at start of period	20,666	19,004
Current service cost	753	796
Interest cost	1,128	1,162
Employee contributions	287	304
Estimate of unfunded benefits	(2)	(1)
Actuarial (gain)/loss	(2,077)	1,184
Benefits paid	(581)	(379)
Past Service cost	-	(1,404)
Curtailments and settlements	23	-
Liabilities at end of period	<u>20,197</u>	<u>20,666</u>
Reconciliation of Assets		
Assets at start of period	13,586	11,126
Expected return on assets	872	779
Actuarial gain	144	999
Employer contributions	844	757
Employee contributions	287	304
Benefits paid	(581)	(379)
Assets at end of period	<u>15,152</u>	<u>13,586</u>

The estimated value of employer contributions for the year ended 31st July 2012 is £784,000.

Barking & Dagenham College
Notes to the Accounts (continued)

27 Pension and similar obligations

Local Government Pension Scheme (Continued)

Amounts fro the current and previous four periods are as follows:

	2011 £000's	2010 £000's	2009 £000's	2008 £000's	2007 £000's
Defined benefit obligation	(20,197)	(20,666)	(19,004)	(14,944)	(14,105)
Scheme assets	15,152	13,586	11,126	11,217	11,976
(Deficit)/surplus	(5,045)	(7,080)	(7,878)	(3,727)	(2,129)
Experience adjustments on scheme liabilities	1,762	-	-	444	-
Experience adjustments on scheme assets	144	999	(1,705)	(2,362)	341

28 Post balance sheet events

Post Balance Sheet Events

Apprenticeship Works

The college will make a financial commitment of £50,000 for the investment in the subsidiary company Apprenticeship Works. The company incorporated on the 20 April 2011 and was dormant during 2010-11 but will be active in 2011-12. This investment will expand the college's apprenticeship provision. It is anticipated that Havering College of Further & Higher Education will be joint share holders in the Apprenticeship Works during 2011-12.

New Developments

The College is in negotiations with a private training provider who also owns a commercial salon to acquire the company. This will enable College to expand its apprenticeship provision.

The College is also working in partnership with London Borough of Barking & Dagenham to open a training facility for young learners in the Barking town centre. This is expected to be open in September 2012.

Bequest

Following the year end the college was notified by executors of a former employee that the college could expect to receive a legacy of approximately £950k which will be confirmed in due course. The details are still in progress and therefore no income has been accrued for in 2010-11.

29 Capital commitments

	2011 £'000	2010 £'000
Commitments contracted for at 31 July	653	1,011
Authorised but not contracted at 31 July	NIL	NIL

30 Contingent liabilities

The college has no contingent liabilities.

Barking & Dagenham College
Notes to the Accounts (continued)

31 Financial Commitments

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

	2011	2010
	£'000	£'000
Land and buildings:		
Expiring within two and five years inclusive	85	-
	<u>85</u>	<u>-</u>

32 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.

Stephen Thompson was a member of Barking & Dagenham College Corporation until 1 January 2011. He is married to the Deputy Principal of Havering College. Barking & Dagenham and Havering College are partners in Thames Gateway College (TGC), the brand name under which the two colleges delivered engineering and motor vehicle training under a partnership arrangement at the Centre of Excellence for Manufacturing and Engineering Limited (CEME). This included joint delivery of the Ford apprenticeship programme.

Centre of Excellence for Manufacturing and Engineering Limited (CEME)

During the year ending 31 July 2011 the College paid £NIL (2010: £355,006) to CEME Ltd as a contribution to operating costs. These are not repayable to the College and have been charged as a cost in the College's accounts. The amount owed to CEME at the year end was £NIL (2010: £NIL).

Broadway Theatre

During the year ending 31 July 2011 the College paid £117,500 (2010: £115,000) towards the cost of meeting common services with other users. These are not repayable to the College and have been charged as a cost in the College's accounts. The amount due from Broadway Theatre at the year end was £NIL (2010: £NIL).

Barking Learning Centre

During the year ending 31 July 2011 the College paid £171,946 (2009: £210,777) to Barking Learning Centre as a contribution to operating costs. These are not repayable to the College and have been charged as a cost in the College's accounts. The amount owed to Barking Learning Centre at the year end was £NIL (2010: £54,197).

Barking & Dagenham College
Notes to the Accounts (continued)

33 Amounts disbursed as agent

Discretionary support funds

	2011 £'000	2010 £'000
Funding body grants – hardship support	307	313
Funding body grants – childcare	92	83
Funding body grants – ESOL	12	26
	<u>411</u>	<u>422</u>
Disbursed to students	(345)	(398)
Administration costs	(20)	(21)
Audit fees	-	-
Balance unspent as at 31 July	<u>46</u>	<u>3</u>

Funding body grants are available solely for students. In the majority of instances, the College only acts as a paying agent. In these circumstances, the grants and related disbursements are therefore excluded from the income and expenditure account.

34 Golden hellos

	2011 £'000	2010 £'000
LSC/SFA grants	0	16
Disbursed to employees	0	(16)
	<u>0</u>	<u>0</u>

The college acts as agents to disburse payments to employees received from the funding bodies. These payments are excluded from the income and expenditure account.