



Barking & Dagenham College

# **BARKING & DAGENHAM COLLEGE**

**Report and Financial Statements  
for the year ended 31 July 2012**

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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 2012.

#### 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 2011.
2. The Corporation was incorporated as Barking College on the 1<sup>st</sup> January 1993. On the 1<sup>st</sup> 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 2011/12 and adopted a revised mission statement as follows:

*"A truly great College, passionate about success".*

4. The College's values are:

- Passion
- Innovation, Creativity and Entrepreneurialism
- 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 2012 which has been approved for 2012-2015 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 balanced score card. The strategic objectives are:
  - a. Transformational, inclusive and entrepreneurial teaching and learning & assessment.
  - b. Performance above national standards.
  - c. Empowered, motivated and entrepreneurial people.

- d. Responsive to businesses and communities
- e. 21<sup>st</sup> Century curriculum in industry standard training environments.

## 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 FE Choices (formerly the "Framework for Excellence") has four key performance indicators:
  - Success rate
  - Learner destinations
  - Satisfaction surveys (formerly "learner views")
  - Satisfaction surveys (formerly "employer views")

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/Education Funding Agency ("EFA"). The current financial health rating of "Outstanding" is considered an acceptable outcome.

## FINANCIAL POSITION

### Financial results

9. The College generated an operating surplus in the year of £1.955m (2010/11 – surplus of £1.367m).
10. During 2011-12 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 £0.426m (2010-11 - £0.660m).
11. The College has accumulated reserves excluding pension of £17.082m (2010-11 £14.550m), including pension, total reserves of £14.369m (2010-11 £15.692m) and cash balances of

£8.216m (2010-11 £6.781m). 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 £2.885m. This was split between land and buildings acquired of £1.986m and equipment purchased of £0.899m. During 2011/12 the College built a Green Technologies Centre located on the main campus to diversify the curriculum and 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 2011/12 the funding bodies provided 84.9% 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/EFA. 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 £4.175m (2010/11 inflow £3.448m). The net cashflow resulted from capital expenditure.

### **Liquidity**

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

### **Donation**

18. During the year the college were bequeathed £0.937m from the late Lucinda Symons. The proceeds will be used for the benefit of learners to establish a scholarship programme. The income is reported at note 5 and 19 in the accounts.

## **CURRENT AND FUTURE DEVELOPMENT AND PERFORMANCE**

### **Student numbers**

19. In 2011/12 the College has delivered activity that has produced £26.203m in funding body main allocation funding (2010/11 – £23.053m). The College had approximately 27,112 enrolments (10,916 learners) to its programmes. Of these 2,602 learners aged 16 to 18 and 2,056 adult learners attended on a full time basis and 5,212 adults attended part time or evening courses.

### **Student achievements**

20. Students continue to prosper at the College. Overall Success rates have risen by 15% since 2006/2007 (national average 5%), 2008-09:75%, 2009-10:78%, 80% in 2010-11 and 82% in 2011-12.

## Curriculum developments

21. 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.
22. 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.
23. 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 2011-2012, 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.
24. Barking & Dagenham College has an apprenticeships team offering apprenticeships in a number of occupational areas and a Business Innovation and Enterprise team to better meet the training needs of employers. The College delivers all or part of the training for around 700 apprentices each year. During 2011-12 the College made a financial commitment to invest in the subsidiary company Apprenticeship Works Limited. The company was dormant during 2010-11 but has been active in 2011-12 and consolidated into the accounts. The College also purchased in 2011-12 a commercial salon Hairazors Limited for £0.484m to also enable the College to expand its apprenticeship provision.
25. The College worked in partnership with London Borough of Barking & Dagenham (LBBD) to open a training facility, Technical Skills Academy, for young learners in the Barking town centre. The facility opened in September 2012. The Academy's mission will be to offer vocational Education and Training opportunities to young people. It will cater for those young people (14 to 18) in the LBBD, who have an interest and aptitude for applied learning.
26. The College also built and opened a Green Technologies Centre at the main campus. A particular focus for the Centre is to develop 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.
27. During 2011-12 the College was bequeathed £0.937m. It is intended that the proceeds will be used for the benefit of learners.

## Payment performance

28. 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 2011 to 31 July 2012, the College paid 85 per cent of its invoices within 30 days. The College incurred no interest charges in respect of late payment for this period.

## **Future developments**

29. The £1.955m surplus achieved in 2011/12 will enable the College to reinvest in new buildings on its main site. The College will embark on developing the Jubilee Building, a new facility at the main site. This will allow the College's plan to grow its learner numbers over the next 3 years.
30. The College aims to significantly increase its contribution by introducing a number of efficiency schemes across the College site. The College would like to reduce dependency on the Skills Funding Agency/EFA and is seeking opportunities particularly in the areas where the College currently performs well such as HEFCE.

## **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, Broadway Theatre and the Technical Skills Academy.

### *Financial*

32. The College has £18.223m (2010-11 £19.188m) of net assets including a £8.483m pension liability (2010-11 £5.045m) and no long term debt.

### *People*

33. The College employs 394 people (expressed as full time equivalents), of whom 307 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 further education sector funding bodies and HEFCE. In 2011/12, 84.9% 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
- Ensuring learners receive an enhanced learner experience

#### Tuition fee policy

40. Ministers confirmed that the fee assumption will remain at 50% in 2011/12. In line with the majority of other Colleges, Barking & Dagenham College will seek to increase tuition fees in accordance with the fee assumptions. The price elasticity of adult learning for the College 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
- Education Sector funding bodies
- 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, is published on the College's Internet/Intranet 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 4<sup>th</sup> December 2012 and signed on its behalf by:**

  
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**John Middleton**  
**Chair of Corporation**

## **Professional Advisors**

### **Financial Statement and Regularity Auditors:**

MHA Macintyre Hudson  
New Bridge Street House  
30-34 New Bridge Street  
London  
EC4V 6BJ

### **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 (“the Code”) issued by the FRC 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 2012.

### 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 2011/12

	<i>Date of appointment</i>	<i>Term of Office</i>	<i>Date of resignation</i>	<i>Committees served</i>
Stephen Baker	5 <sup>th</sup> December 2011	1 year	9.7.12	Corporation, Performance & Standards
Selena Bolingbroke	12.10.09	4 years		Corporation, Chair of Policy and Resources
Cllr Evelyn Carpenter	26.02.08, (Re-appointed 11.07.11)	4 years		Corporation, Chair of Performance & Standards
John Fagan	02.06.08	4 years	27.4.12	Corporation, Audit, Remuneration
Alastair Grindlay	25.11.10	4 years		Corporation, Policy & Resources
Peter Harris	5.12.11	4 years		Corporation, Policy & Resources
Susan Jackson	27.04.12	4 years		Corporation, Performance & Standards
Brendan James	03.04.08	4 years	9.7.12	Corporation, Audit
Elaine James	29.6.99 ( Re-appointed 29.6.03, 29.06.07, 11.7.11)	4 years		Vice Chair Corporation, Vice Chair of Search & Governance, Audit, Remuneration,
John Middleton	25.11.2010	4 years		Chair of Corporation, Chair of Remuneration, Chair of Search & Governance
Alastair Sinclair	25.11.10	4 years		Corporation, Chair of Audit Committee
Mamta Toohey	5.12.11	4 years		Corporation, Policy & Resources
Cathy Walsh	01.09.08	Ex-officio		Corporation, Policy and Resources, Performance and Standards, Search & Governance
Jenni Williams	12.10.09	4 years		Corporation, Remuneration, Policy & Resources
Graham Cooper was appointed Clerk to the Corporation on the 2 <sup>nd</sup> April 2012.				

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 Policy & Resources, Performance & Standards, 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 2012, 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 2012 are set out in note 7.

### **Audit committee**

The Audit Committee comprises three 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 2012 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 2012 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, 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 2012 meeting, the Corporation carried out the annual assessment for the year ended 31 July 2012 by considering documentation from senior management team and internal audit and taking account of events since 31 July 2012.

#### **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 4<sup>th</sup> December 2012 and signed on its behalf by:

**Signed:**



**Chair: John Middleton**

**Date: 4<sup>th</sup> December 2012**

**Signed:**



**Principal and CEO: Cathy Walsh**

**Date: 4<sup>th</sup> December 2012**

## 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/EFA 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 an Operating and Financial Review 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/EFA are used only in accordance with the Financial Memorandum with the Skills Funding Agency/EFA 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/EFA are not put at risk.

Approved by order of the members of the Corporation on 4<sup>th</sup> December 2012 and signed on its behalf by:



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**John Middleton**  
Chair



## **Independent report on Regularity to the Corporation of Barking & Dagenham College ('the Corporation') and the Chief Executive of Skills Funding/ Education Funding Agency**

In accordance with the terms of our engagement letter dated April 2012 and further to the requirements of the Skills Funding Agency/Education 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 2012 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/Education Funding Agency. Our review work has been undertaken so that we might state to the Corporation and the Chief Executive of Skills Funding/Education Funding Agency 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/Education 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 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 Education Funding Council 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 2012 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 Education Funding Council 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 2012 has been applied to purposes intended by Parliament and the financial transactions conform to the authorities which govern them.

*MHA MacIntyre Hudson*

*10-12-12*

**MHA MACINTYRE HUDSON**

**Date**

New Bridge Street House  
30-34 New Bridge Street  
London  
EC4V 6BJ

**Barking & Dagenham College**  
**Consolidated Income and Expenditure Account**

	Notes	2012		2011	
		£'000	£'000	£'000	£'000
<b>INCOME</b>					
Funding body grants	2		27,552		25,730
Tuition fees and education contracts	3		2,444		2,756
Other grants and contracts	4		838		964
Endowment and investment income	5		998		35
<b>Total income</b>			<b>31,832</b>		<b>29,485</b>
<b>EXPENDITURE</b>					
Staff costs	6	17,513		17,021	
Exceptional restructuring costs	6	426		660	
Other operating expenses	8	9,858		8,463	
Depreciation & amortisation	12/13	1,936		1,718	
Interest and other finance costs	9	144		256	
<b>Total expenditure</b>			<b>29,877</b>		<b>28,118</b>
<b>Surplus on continuing operations after depreciation of tangible fixed assets at valuation and before exceptional items and tax</b>			<b>1,955</b>		<b>1,367</b>
Taxation	10		-		-
<b>Surplus on continuing operations after depreciation of assets at valuation and tax</b>			<b>1,955</b>		<b>1,367</b>
<b>Surplus for the year retained within general reserves</b>			<b>1,955</b>		<b>1,367</b>

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**  
**Consolidated Statement of Historical Cost Surpluses and Deficits**

	Notes	2012 £'000	2011 £'000
Surplus on continuing operations before taxation		1,955	1,367
Difference between historical cost depreciation and the actual charge for the year calculated on the revalued amount	21	417	417
<b>Historical cost surplus for the year before taxation</b>		<b><u>2,372</u></b>	<b><u>1,784</u></b>
<b>Historical cost surplus for the year after taxation</b>		<b><u>2,372</u></b>	<b><u>1,784</u></b>

**Consolidated Statement of Total Recognised Gains and Losses**

	Notes	2012 £'000	2011 £'000
Surplus on continuing operations after depreciation of assets at valuation and tax		1,955	1,367
Actuarial (loss)/gain in respect of pension scheme	27	(3,278)	2,221
<b>Total recognised losses since last report</b>		<b><u>(1,323)</u></b>	<b><u>3,588</u></b>
<b>Reconciliation</b>			
Opening reserves		15,692	12,104
Total recognised losses for the year		(1,323)	3,588
<b>Closing reserves</b>		<b><u>14,369</u></b>	<b><u>15,692</u></b>

**Barking & Dagenham College**  
**Balance sheet as at 31 July**

	Notes	Group	College	Group	College
		2012 £'000	2012 £'000	2011 £'000	2011 £'000
<b>Fixed assets</b>					
Tangible assets	12	20,528	20,528	19,391	19,391
Investments	13	2,944	2,944	2,648	2,648
<b>Total fixed assets</b>		<b>23,472</b>	<b>23,472</b>	<b>22,039</b>	<b>22,039</b>
<b>Current assets</b>					
Stocks		8	8	14	14
Debtors	14	1,290	1,329	714	714
Accrued income and prepayments	14	124	124	75	75
Cash at bank and in hand	25	8,216	8,182	6,781	6,781
<b>Total current assets</b>		<b>9,638</b>	<b>9,643</b>	<b>7,584</b>	<b>7,584</b>
<b>Less: Creditors – amounts falling due within one year</b>	15	<b>(4,494)</b>	<b>(4,500)</b>	<b>(3,446)</b>	<b>(3,446)</b>
<b>Net current assets</b>		<b>5,144</b>	<b>5,143</b>	<b>4,138</b>	<b>4,138</b>
<b>Total assets less current liabilities</b>		<b>28,616</b>	<b>28,615</b>	<b>26,177</b>	<b>26,177</b>
Less: Creditors – amounts falling due after more than one year	16	167	167	276	276
Less: Provisions for liabilities	17	1,743	1,743	1,668	1,668
<b>Net assets excluding pension liability</b>		<b>26,706</b>	<b>26,705</b>	<b>24,233</b>	<b>24,233</b>
Net pension liability	27	(8,483)	(8,483)	(5,045)	(5,045)
<b>NET ASSETS INCLUDING PENSION LIABILITY</b>		<b>18,223</b>	<b>18,222</b>	<b>19,188</b>	<b>19,188</b>
<b>Deferred capital grants</b>	18	<b>3,854</b>	<b>3,854</b>	<b>3,496</b>	<b>3,496</b>
<b>Reserves</b>					
Income and expenditure account excluding pension reserve	21	17,082	17,081	14,550	14,550
Pension reserve	27	(8,483)	(8,483)	(5,045)	(5,045)
Income and expenditure account including pension reserve	21	8,599	8,598	9,505	9,505
Revaluation reserve	20	5,770	5,770	6,187	6,187
<b>Total reserves</b>		<b>14,369</b>	<b>14,368</b>	<b>15,692</b>	<b>15,692</b>
<b>TOTAL FUNDS</b>		<b>18,223</b>	<b>18,222</b>	<b>19,188</b>	<b>19,188</b>

The financial statements on pages 18 to 44 were approved by the Corporation on 4th December 2012 and were signed on its behalf on that date by:

**John Middleton**  
**Chair**



**Cathy Walsh**  
**Principal & CEO**



**Barking & Dagenham College  
Consolidated Cash Flow Statement**

	Notes	2012 £'000	2011 £'000
<b>Cash inflow from operating activities</b>	22	4,175	3,448
Returns on investments and servicing of finance	23	61	35
Capital expenditure and financial investment	24	(2,801)	(1,430)
<b>Increase in cash in the year</b>		<u><u>1,435</u></u>	<u><u>2,053</u></u>
 <b>Reconciliation of net cash flow to movement in net funds</b>			
Increase in cash in the period		<u>1,435</u>	<u>2,053</u>
Movement in net funds in the period		1,435	2,053
Net funds at 1 August		6,781	4,728
<b>Net funds at 31 July</b>		<u><u>8,216</u></u>	<u><u>6,781</u></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 EFA in the 2011/12 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 Training & Enterprise Limited (dormant during 2011-12), Apprenticeships Work Limited and Hairazors Limited. Hairazors Limited has not been consolidated in the 2011-12 accounts as the results are for part of a year and are not considered material.

#### **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 Skills Budget 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 and the results of any funding audits 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 are 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 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.

**Barking & Dagenham College**  
**Notes to the Accounts (continued)**

**2 Funding council grants**

	<b>2012</b> <b>£'000</b>	<b>2011</b> <b>£'000</b>
Recurrent grant	26,203	24,333
Recurrent grant - HEFCE	807	921
Non recurrent grants-main funding body	332	268
Releases of deferred capital grants (note 18)	210	208
<b>Total</b>	<b>27,552</b>	<b>25,730</b>

**3 Tuition fees and education contracts**

	<b>2012</b> <b>£'000</b>	<b>2011</b> <b>£'000</b>
Tuition fees	1,826	1,789
Education contracts	618	967
<b>Total</b>	<b>2,444</b>	<b>2,756</b>

**Tuition fees funded by bursaries**

**4 Other income grants and contracts**

	<b>2012</b> <b>£'000</b>	<b>2011</b> <b>£'000</b>
Other income	838	911
Grants	-	53
<b>Total</b>	<b>838</b>	<b>964</b>

**5 Endowment and investment income**

	<b>2012</b> <b>£'000</b>	<b>2011</b> <b>£'000</b>
Income from restricted endowment asset investments (note 19)	937	-
Other interest receivable	61	35
<b>Total</b>	<b>998</b>	<b>35</b>

**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:

	<b>2012</b>	<b>2011</b>
	<b>No.</b>	<b>No.</b>
Teaching staff	307	316
Non teaching staff	87	110
<b>Total</b>	<b><u>394</u></b>	<b><u>426</u></b>

**Staff costs for the above persons**

	<b>2012</b>	<b>2011</b>
	<b>£'000</b>	<b>£'000</b>
Wages and salaries	12,914	13,427
Social security costs	1,027	1,019
Other pension costs (including FRS 17 adjustments of £16,000 credit – 2011: £70,000)	1,923	1,575
<b>Payroll sub total</b>	<b><u>15,864</u></b>	<b><u>16,021</u></b>
Contracted out staffing services	1,649	1,000
	<b><u>17,513</u></b>	<b><u>17,021</u></b>
Exceptional restructuring costs	426	660
<b>Total</b>	<b><u>17,939</u></b>	<b><u>17,681</u></b>

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

	<b>Senior post-holders</b>		<b>Other staff</b>	
	<b>2012</b>	<b>2011</b>	<b>2012</b>	<b>2011</b>
	<b>No.</b>	<b>No.</b>	<b>No.</b>	<b>No.</b>
£130,001 to £140,000	1	1	-	-
£120,001 to £130,000	-	-	-	-
£110,001 to £120,000	-	-	-	-
£100,001 to £110,000	-	1	-	-
	<b><u>1</u></b>	<b><u>2</u></b>	<b><u>0</u></b>	<b><u>0</u></b>

During the year 2011-12 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.

	<b>2012</b>	<b>2011</b>
	<b>No.</b>	<b>No.</b>
The number of senior post-holders including the Principal was:	1	2
	<u>          </u>	<u>          </u>

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

	<b>2012</b>	<b>2011</b>
	<b>£'000</b>	<b>£'000</b>
Salaries	133	219
Benefits in kind	-	-
Pension contributions	19	31
<b>Total emoluments</b>	<u>          </u> <b>152</b>	<u>          </u> <b>250</b>

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

	<b>2012</b>	<b>2011</b>
	<b>£'000</b>	<b>£'000</b>
Salaries	134	134
Benefits in kind	0	0
	<u>          </u> 134	<u>          </u> 134
Pension contributions	<u>          </u> 19	<u>          </u> 19

The pay award for the Principal in 2011-12 was 5.36% affective from the 1 April 2012. It is noted that 2010-11 figure includes backdated 2009-10 pay award payments.

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

**Barking & Dagenham College**  
**Notes to the Accounts (continued)**

**8 Other operating expenses**

	<b>2012</b> <b>£'000</b>	<b>2011</b> <b>£'000</b>
Teaching costs	2,321	2,025
Non teaching costs	5,387	4,713
Premises costs	<u>2,150</u>	<u>1,725</u>
<b>Total</b>	<b><u>9,858</u></b>	<b><u>8,463</u></b>

**Other operating expenses include:**

	<b>2012</b> <b>£'000</b>	<b>2011</b> <b>£'000</b>
Auditors' remuneration:		
Financial statements audit	31	28
Internal audit	29	47

**9 Interest payable**

	<b>2012</b> <b>£'000</b>	<b>2011</b> <b>£'000</b>
Pension finance costs (note 27)	<u>144</u>	<u>256</u>
<b>Total</b>	<b><u>144</u></b>	<b><u>256</u></b>

**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**

Surplus on continuing operations for the year is made up as

	<b>2012</b> <b>£'000</b>	<b>2011</b> <b>£'000</b>
College's surplus for the period	1,954	1,367
Surplus generated by subsidiary undertakings and transferred to the College under gift aid/deed of covenant	1	-
<b>Total</b>	<b><u>1,955</u></b>	<b><u>1,367</u></b>

**Barking & Dagenham College**  
**Notes to the Accounts (continued)**

**12 Tangible fixed assets (Group)**

	Land and buildings			Equipment	Total
	Freehold	Short leasehold	Assets under construction		
	£'000	£'000	£'000	£'000	£'000
<b>Cost or valuation</b>					
At 1 August 2011	28,184	759	-	15,071	44,014
Additions	360	-	1,626	899	2,885
<b>At 31 July 2012</b>	<b>28,544</b>	<b>759</b>	<b>1,626</b>	<b>15,970</b>	<b>46,899</b>
<b>Depreciation</b>					
At 1 August 2011	11,479	115	-	13,029	24,623
Charge for the year	802	154	-	792	1,748
<b>At 31 July 2012</b>	<b>12,281</b>	<b>269</b>	<b>-</b>	<b>13,821</b>	<b>26,371</b>
<b>Net book value at 31 July 2012</b>	<b>16,263</b>	<b>490</b>	<b>1,626</b>	<b>2,149</b>	<b>20,528</b>
Net book value at 31 July 2011	16,705	644	-	2,042	19,391

**Barking & Dagenham College**  
**Notes to the Accounts (continued)**

**12 Tangible fixed assets (College only)**

	Land and buildings			Equipment	Total
	Freehold	Short leasehold	Assets under construction		
	£'000	£'000	£'000	£'000	£'000
<b>Cost or valuation</b>					
At 1 August 2011	28,184	759	-	15,071	44,014
Additions	360	-	1,626	899	2,885
<b>At 31 July 2012</b>	<b>28,544</b>	<b>759</b>	<b>1,626</b>	<b>15,970</b>	<b>46,899</b>
<b>Depreciation</b>					
At 1 August 2011	11,479	115	-	13,029	24,623
Charge for the year	802	154	-	792	1,748
<b>At 31 July 2012</b>	<b>12,281</b>	<b>269</b>	<b>-</b>	<b>13,821</b>	<b>26,371</b>
<b>Net book value at 31 July 2012</b>	<b>16,263</b>	<b>490</b>	<b>1,626</b>	<b>2,149</b>	<b>20,528</b>
Net book value at 31 July 2011	16,705	644	-	2,042	19,391

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
<b>Net book value based on cost</b>	<b>Nil</b>

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 2012		Year Ended 31st July 2011	
	£000's	£000's	£000's	£000's
Broadway Theatre	1,800		1,800	
Less amortisation	<u>(720)</u>		<u>(630)</u>	
		1,080		1,170
Barking Learning Centre	1,772		1,772	
Less amortisation	<u>(392)</u>		<u>(294)</u>	
		1,380		1,478
Hairazors Limited	484		-	
Less amortisation	<u>-</u>		<u>-</u>	
		484		-
<b>Total</b>		<b><u>2,944</u></b>		<b><u>2,648</u></b>
	<b>Group</b>	<b>College</b>	<b>Group</b>	<b>College</b>
	<b>2012</b>	<b>2012</b>	<b>2011</b>	<b>2011</b>
	<b>£</b>	<b>£</b>	<b>£</b>	<b>£</b>
Investments in subsidiary company - Aspire Training & Enterprise	1	1	1	1
Investments in subsidiary company - Apprenticeships Work Limited	1	1	1	1
Hairazors Limited	484,253	484,253	-	-
<b>Total</b>	<b><u>484,255</u></b>	<b><u>484,255</u></b>	<b><u>2</u></b>	<b><u>2</u></b>

The college owns 100 per cent of the issued £1 share of Aspire Training & Enterprise Limited, a company incorporated in England & Wales and 100 per cent of the issued £1 share of Apprenticeships Work Limited, a company incorporated in England & Wales. The principal business of Aspire Training & Enterprise Limited is to act as the holding company for all BDC investments. Aspire Training & Enterprise Limited was dormant during 2011-12. The Apprenticeships Work Limited principal activity is an employment business for providing employment for apprentices. The college owns 100 per cent Hairazors Limited. The hairdressing and training salon was purchased during 2011-12 to provide training to students undertaking hairdressing courses.

**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**

	<b>Group 2012 £'000</b>	<b>College 2012 £'000</b>	<b>Group 2011 £'000</b>	<b>College 2011 £'000</b>
Amounts falling due within one year:				
Trade debtors	1,111	1,100	671	671
Amounts owed by group undertakings:				
Subsidiary undertakings	-	50	-	-
Prepayments and accrued income	124	124	75	75
Amounts owed by SFA/EFA	179	179	43	43
<b>Total</b>	<b><u>1,414</u></b>	<b><u>1,453</u></b>	<b><u>789</u></b>	<b><u>789</u></b>

**15 Creditors: amounts falling due within one year**

	<b>Group 2012 £'000</b>	<b>College 2012 £'000</b>	<b>Group 2011 £'000</b>	<b>College 2011 £'000</b>
Payments received in advance	118	118	258	258
Trade creditors	1,237	1,237	575	575
Amounts owed to group undertakings:				
Subsidiary undertakings	-	6	-	-
Payment on account	551	551	211	211
Other taxation and social security	356	356	335	335
Accruals	2,232	2,232	2,067	2,067
<b>Total</b>	<b><u>4,494</u></b>	<b><u>4,500</u></b>	<b><u>3,446</u></b>	<b><u>3,446</u></b>

**Barking & Dagenham College**  
**Notes to the Accounts (continued)**

**16 Creditors: amounts falling due after one year**

	<b>Group 2012 £'000</b>	<b>College 2012 £'000</b>	<b>Group 2011 £'000</b>	<b>College 2011 £'000</b>
VAT liability	<u>167</u>	<u>167</u>	<u>276</u>	<u>276</u>
<b>Total</b>	<b><u>167</u></b>	<b><u>167</u></b>	<b><u>276</u></b>	<b><u>276</u></b>

**17 Provisions for liabilities and charges**

	<b>Enhanced pensions £'000</b>	<b>Other £'000</b>	<b>Total £'000</b>
At 1 August 2011	1,668	0	1,668
Expenditure in the period	117	0	117
Transferred from income and expenditure	(42)	0	(42)
<b>At 31 July 2012</b>	<b><u>1,743</u></b>	<b><u>0</u></b>	<b><u>1,743</u></b>

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:

	<b>2012</b>	<b>2011</b>
Price inflation	3.89%	5.36%
Discount rate	2.50%	2.75%

**Barking & Dagenham College**  
**Notes to the Accounts (continued)**

**18 Deferred capital grants**

	Group and College		
	Funding Body Grants	Other Grants	Total
	£'000	£'000	£'000
At 1 August 2011	3,362	134	3,496
Cash received	549	19	568
Released to income and expenditure account	(166)	(44)	(210)
<b>At 31 July 2012</b>	<b><u>3,745</u></b>	<b><u>109</u></b>	<b><u>3,854</u></b>

**19 Endowments**

	Year ended 31 July 2012				£'000 Total
	£'000 Unrestricted Permanent	£'000 Restricted Permanent	£'000 Total Permanent	£'000 Restricted Expendable	
At 1 August 2011	-	-	-	-	-
Net additions/disposals	-	-	-	-	-
Appreciation of endowment asset investments	-	-	-	-	-
Income for year	-	-	-	937	937
Expenditure for year	-	-	-	-	-
<b>At 31 July 2012</b>	<b><u>-</u></b>	<b><u>-</u></b>	<b><u>-</u></b>	<b><u>937</u></b>	<b><u>937</u></b>

**20 Revaluation reserve**

	Group 2012 £'000	College 2012 £'000	Group 2011 £'000	College 2011 £'000
At 1 August	6,187	6,187	6,604	6,604
Transfer from revaluation				
Depreciation on revalued assets	(417)	(417)	(417)	(417)
<b>At 31 July</b>	<b><u>5,770</u></b>	<b><u>5,770</u></b>	<b><u>6,187</u></b>	<b><u>6,187</u></b>

**Barking & Dagenham College**  
**Notes to the Accounts (continued)**

**21 Movement on general reserves**

	Group	College	Group	College
	2012 £'000	2012 £'000	2011 £'000	2011 £'000
<b>Income and expenditure account reserve</b>				
At 1 August	9,505	9,505	5,500	5,500
Surplus retained for the year	1,955	1,954	1,367	1,367
Transfer from revaluation reserve	417	417	417	417
Actuarial (loss)/gain in respect of pension scheme	(3,278)	(3,278)	2,221	2,221
<b>At 31 July</b>	<b><u>8,599</u></b>	<b><u>8,598</u></b>	<b><u>9,505</u></b>	<b><u>9,505</u></b>
Balance represented by:				
Pension reserve	(8,483)	(8,483)	(5,045)	(5,045)
Income and expenditure account reserve excluding pension reserve	17,082	17,081	14,550	14,550
<b>At 31 July</b>	<b><u>8,599</u></b>	<b><u>8,598</u></b>	<b><u>9,505</u></b>	<b><u>9,505</u></b>

**22 Reconciliation of consolidated operating (deficit)/surplus to net**

	2012 £'000	2011 £'000
Surplus on continuing operations after depreciation of assets at valuation	1,955	1,367
Depreciation (notes 12 & 13)	1,936	1,718
Deferred capital grants released to income	(210)	(208)
Interest payable (note 9)	144	256
Endowment and interest (note 5)	(61)	(35)
FRS 17 pension cost less contributions payable	16	(70)
Decrease in stocks	6	(4)
Increase in debtors	(625)	639
Increase in creditors	939	(255)
Increase in provisions	75	40
<b>Net cash inflow from operating activities</b>	<b><u>4,175</u></b>	<b><u>3,448</u></b>

**Barking & Dagenham College**  
**Notes to the Accounts (continued)**

**23 Returns on investments and servicing of finance**

	<b>2012</b> <b>£'000</b>	<b>2011</b> <b>£'000</b>
Other interest received	61	35
<b>Net cash inflow from returns on investment and servicing of finance</b>	<b>61</b>	<b>35</b>

**24 Capital expenditure and financial investment**

	<b>2012</b> <b>£'000</b>	<b>2011</b> <b>£'000</b>
Purchase of tangible fixed assets	(2,885)	(1,900)
Purchase of investments	(484)	-
Deferred capital grants received	568	470
<b>Net cash outflow from capital expenditure and financial investment</b>	<b>(2,801)</b>	<b>(1,430)</b>

**25 Analysis of changes in net funds**

	<b>At 1 August</b> <b>2011</b> <b>£'000</b>	<b>Cash</b> <b>flows</b> <b>£'000</b>	<b>Other</b> <b>changes</b> <b>£'000</b>	<b>At 31 July</b> <b>2012</b> <b>£'000</b>
Cash in hand, and at bank	6,781	1,435	-	8,216
<b>Total</b>	<b>6,781</b>	<b>1,435</b>	<b>-</b>	<b>8,216</b>

**26 Major non-cash transactions**

During the year the college release a provision of £42,000 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 & Dagenham and CAPITA respectively. Both are defined-benefit schemes.

<b>Total pension cost for the year</b>	<b>2012</b>	<b>2011</b>
	<b>£'000</b>	<b>£'000</b>
Teachers Pension Scheme: contributions paid	1,305	912
Local Government Pension Scheme:		
Contributions paid	719	844
FRS 17 charge	<u>16</u>	<u>(70)</u>
Charge to the Income and Expenditure Account (staff costs)	735	774
Enhanced pension charge to Income and Expenditure Account (staff costs)	(117)	(111)
	<u>1,923</u>	<u>1,575</u>
<b>Total Pension Cost for Year</b>	<b>1,923</b>	<b>1,575</b>

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%
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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 2011 to 31 July 2012 the employer contribution was 14.1 per cent. The employee rate was 6.4% for the period to 31st March 2012, with rates between 6.4% and 8.8% depending on the member's salary from 1st April 2012. 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 funds administered by London Borough of Barking & Dagenham Local Authority . The total contribution made for the year ended 31 July 2012 was £974,000 of which employer’s contributions totalled £719,000 and employees’ contributions totalled £255,000. The agreed contribution rates for future years are 20.3 per cent for employers and range from 5.5% to 7.5% cent for employees.

**FRS 17**

<b>Principal Actuarial Assumptions</b>	<b>At 31 July 2012</b>	<b>At 31 July 2011</b>
Rate of increase in salaries	4.50%	5.00%
Rate of increase for pensions in payment / inflation	2.20%	2.70%
Discount rate for scheme liabilities	4.10%	5.30%
Inflation assumption (CPI)	4.50%	6.10%

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

	<b>At 31 July 2012</b>	<b>At 31 July 2011</b>
<i>Retiring today</i>		
Males	21.20	21.20
Females	23.10	23.10
<i>Retiring in 20 years</i>		
Males	22.70	22.70
Females	25.00	25.00



**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 2012	Value at 31 July 2012  £'000	Long-term rate of return expected at 31 July 2011	Value at 31 July 2011  £'000
Equities	5.50%	9,149	7.00%	9,242
Bonds	2.80%	4,575	4.60%	4,091
Property	3.70%	1,420	5.10%	1,364
Cash	2.80%	631	4.00%	455
<b>Total market value of assets</b>		<b>15,775</b>		<b>15,152</b>
Present value of scheme liabilities				
- Funded		(24,241)		(20,180)
- Unfunded		(17)		(17)
Related deferred tax liability		-		-
<b>Deficit in the scheme</b>		<b>(8,483)</b>		<b>(5,045)</b>

**Analysis of the amount charged to income and expenditure account**

	2012 £'000	2011 £'000
Current service cost	736	753
Past service cost	-	-
Adjustment	-	-
Loss on curtailments	1	23
<b>Total operating charge</b>	<b>737</b>	<b>776</b>

**Analysis of pension finance income / (costs)**

	2012 £'000	2011 £'000
Expected return on pension scheme assets	(939)	(872)
Interest on pension liabilities	1,083	1,128
<b>Pension finance income</b>	<b>144</b>	<b>256</b>

The actual return on scheme assets was £149,000 (2011: £1,770,000).

**Barking & Dagenham College**  
**Notes to the Accounts (continued)**

**Local Government Pension Scheme (Continued)**

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

	2012 £'000	2011 £'000
Actuarial (losses)/gain on pension scheme assets	(795)	144
Actuarial (losses)/gains on scheme liabilities	(2,483)	2,077
<b>Actuarial loss recognised in STRGL</b>	<b><u>(3,278)</u></b>	<b><u>2,221</u></b>

Cumulative actuarial losses recognised in the Statement of Total Recognised Gains and Losses are £5,240,000 (2011: £1,964,000).

**Movement in deficit during year**

	2012 £'000	2011 £'000
Deficit in scheme at 1 August	(5,045)	(7,080)
Movement in year:		
Employer service cost (net of employee contributions)	(736)	(753)
Employer contributions	719	844
Past service cost	-	-
Loss on curtailment	(1)	(23)
Net interest/return on assets	(144)	(256)
Actuarial (gain) or loss	(3,276)	2,221
Adjustment	-	2
<b>Deficit in scheme at 31 July</b>	<b><u>(8,483)</u></b>	<b><u>(5,045)</u></b>

**Asset and Liability Reconciliation**

	2012 £'000	2011 £'000
<b>Reconciliation of Liabilities</b>		
<b>Liabilities at start of period</b>	20,197	20,666
Service cost	736	753
Interest cost	1,083	1,128
Employee contributions	255	287
Liabilities assumed in a business combination	(2)	(2)
Actuarial loss/(gain)	2,483	(2,077)
Benefits paid	(495)	(581)
Past Service cost	-	-
Curtailments and settlements	1	23
<b>Liabilities at end of period</b>	<b><u>24,258</u></b>	<b><u>20,197</u></b>
<b>Reconciliation of Assets</b>		
<b>Assets at start of period</b>	15,152	13,586
Expected return on assets	939	872
Actuarial gain/(loss)	(795)	144
Employer contributions	719	844
Employee contributions	255	287
Benefits paid	(495)	(581)
Assets distributed on settlements	-	-
Assets acquired in a business combination	-	-
<b>Assets at end of period</b>	<b><u>15,775</u></b>	<b><u>15,152</u></b>

The estimated value of employer contributions for the year ended 31st July 2012 is £764,000.

**Barking & Dagenham College**  
**Notes to the Accounts (continued)**

**27 Pension and similar obligations**

**Local Government Pension Scheme (Continued)**

Amounts for the current and previous 4 periods are as follows:

	2012 £000's	2011 £000's	2010 £000's	2009 £000's	2008 £000's
Defined obligation	(24,258)	(20,197)	(20,666)	(19,004)	(14,944)
Scheme assets	15,775	15,152	13,586	11,126	11,217
Deficit	(8,483)	(5,045)	(7,080)	(7,878)	(3,727)
Experience adjustments on scheme	(247)	1,762	-	-	444
Experience adjustments on scheme assets	(795)	144	999	(1,705)	(2,362)

**28 Post Balance Sheet Event**

Technical Skills Academy

The College, in partnership with London Borough of Barking & Dagenham (LBBD) opened a training facility centre for young learners in the Barking town centre 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.

Jubilee Building

During 2012-13 the College will embark on developing the Jubilee Building, £7m development to help help grow its learner numbers. As of 1 August 2012 the College was entitled to draw down on a £5m loan form Barclays Bank PLC to help fund the capital expenditure.

**29 Capital commitments**

	Group and College	
	2012 £'000	2011 £'000
Commitments contracted for at 31 July	<u>6,722</u>	<u>653</u>
Authorised but not contracted at 31 July	<u>NIL</u>	<u>NIL</u>

## Barking & Dagenham College Notes to the Accounts (continued)

### 30 Financial commitments

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

	<b>Group and College</b>	
	<b>2012</b>	<b>2011</b>
	<b>£'000</b>	<b>£'000</b>
Expiring within two and five years inclusive	85	85
Total	<u>85</u>	<u>85</u>

### 31 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.

#### Broadway Theatre

During the year ending 31 July 2012 the College paid £114,620 (2011: £117,500) 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 (2011: £NIL).

#### Barking Learning Centre

During the year ending 31 July 2012 the College paid £194,988 (2011: £171,946) 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 (2011: £NIL).

### 32 Amounts disbursed as agent

#### Learner support funds

	<b>2012</b>	<b>2011</b>
	<b>£'000</b>	<b>£'000</b>
Funding body grants – hardship support	279	307
Funding body grants – childcare	176	92
Funding body grants – bursary	264	0
Funding body grants – ESOL	-	12
	<u>719</u>	<u>411</u>
Disbursed to students	(704)	(345)
Administration costs	(36)	(20)
Balance (overspent)/unspent as at 31 July	<u>(21)</u>	<u>46</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.