



Report and Financial Statements

August 2009 - July 2010

CONTENTS

	Page(s)
<u>Operational and Financial Review</u>	2 – 13
<u>Members of the Corporation</u>	14
<u>Professional Advisers</u>	15
<u>Corporate Governance Statement</u>	16 – 19
<u>Statement of the Responsibilities of the Members of the Corporation</u>	20
<u>Statement on the System of Internal Financial Control</u>	21
<u>Independent Auditors' Report to the Board of Governors of The College of Haringey, Enfield and North East London</u>	22-23
<u>Report of the Vice Principal Finance and Resources</u>	24– 28
<u>Income and Expenditure Account</u>	29
<u>Statement of Total Recognised Gains and Losses</u>	30
<u>Statement of Historical Cost Surpluses and Deficits</u>	31
<u>Balance Sheet</u>	32– 33
<u>Cash Flow Statement</u>	34
<u>Reconciliation of net cash flow to movement in net funds</u>	34
<u>Notes</u>	35– 64
<u>Independent Auditors' Report on Regularity to the Corporation of College of Haringey, Enfield and North East London ('the Corporation') and the Skills Funding Agency ('the SFA')</u>	65

THE COLLEGE OF HARINGEY, ENFIELD AND NORTH EAST LONDON

Operating and Financial Review

NATURE, OBJECTIVES AND STRATEGIES:

The members of the Corporation of The College of Haringey, Enfield and North East London present their report and the audited financial statements for the year ended 31 July 2010.

Corporation

1. The Corporation was established under The Further and Higher Education Act 1992 for the purpose of conducting the College of Haringey, Enfield and North East London. The College is an exempt charity for the purposes of the Charities Act 1993 as amended by the charities ACT 2006.
2. On 01 August 2009 The College of North East London and Enfield College merged to form The College of Haringey, Enfield and North East London.

Mission

3. Our mission is to help people to succeed by providing outstanding education and training.

At our heart are our high expectations that serve the community of the Upper Lea Valley, promote social inclusion and economic prosperity through the provision of education and learning, and above all enhance the life experience of young people and adults and help them expand their aspirations in life.

Our key values and beliefs are:

- We will strive to embed all aspects of equality and diversity into our corporate culture and operating practices
- We will ensure a safe and healthy environment for our staff and learners and will actively participate in those initiatives which seek to promote good role models for staff and learners
- We will actively promote the voice of the learner and respond positively to those suggestions which improve learner participation, involvement and performance
- We will actively seek and respond to the views of key stakeholders including staff, employers and the wider community
- We will ensure success for all our learners and increase aspirations

Working for Our Local Community

We are a new college created from the merger of two successful local colleges. We will play an important part in meeting the local skills needs and in regenerating our community:

- Local employers can look forward to working in partnership with us to develop the local workforce as well as being able to recruit suitably qualified new employees who are used to striving for excellence.

- Local youngsters who are currently at secondary school can look forward to choosing between a range of options at the age of 14, including our high reputation, our success rates and our vocational and skills offer enabling their successful progression to work or HE.

To achieve our aims for the local community, our objectives are to:

- Increase local participation rates by launching innovative new services to meet the needs of employers, adults and young people within a period of reduced public spending
- Encourage choice in the education and training available to employers and learners.
- Contribute to the economic development of Greater London, particularly the Upper Lea Valley, by improving skills and preparing people for work.
- Increase learners' opportunities to exercise choice by offering breadth within the curriculum.
- Provide efficient support and delivery systems

We plan to review our curriculum offer ensuring it is aligned to local and regional needs. Our offer will be cost effective and offer best value for money. This will underpin our planning for the future and we will take full account of the planned cuts in public expenditure in developing the new college offer. We aim to provide progression pathways at all levels for all our areas of provision.

Successfully recruiting young people is critical to the success of the college. We will work with our local authorities and other local providers to deliver Diplomas and other appropriate qualifications, new provision targeted to reduce the proportion of local 16-18 year olds who are NEET and to develop education and training opportunities for people with learning difficulties and/or disabilities. We will develop new provision taking account of curriculum initiatives such as Foundation Learning and the new QCF offering accredited qualifications for all learners.

We plan to extend The College of Haringey, Enfield and North East London's previous successful whole college approach to workforce skills development to our whole curriculum and to expand work-based learning opportunities and apprenticeships. We will work with HE providers to develop new local opportunities including new foundation degrees.

We will develop our employer engagement strategy taking full account of funding changes and the need to develop new programmes in response to the recession and supporting those affected by redundancy. We will diversify our sources of funding to ensure we can grow our provision during the recession.

To achieve our aims to improve our college, our objectives are to:

- Meet the needs of employers and learners by improving all success rates to at or above the national benchmarks.
- Improve quality, measured by all provision being self-assessed as good or outstanding by 2010/11 with our self-assessment grades being externally confirmed.
- Maximise value for money.
- Embed all aspects of equality and diversity.
- Implement a property strategy to develop our two main sites in Ponders End and Tottenham.

Building on these objectives, our themes for the Development Plan to 2012 are:

- Develop and promote provision for vocational skills and employment skills
- Improve the quality of our provision to outstanding
- Improve learner satisfaction and the learner experience to outstanding
- Develop efficient and effective business support systems
- Develop and support our staff to meet our strategic objectives

Our first priority is still to improve teaching and learning, radically changing or even discontinuing provision that is not successful and ensuring that excellence is celebrated and has a positive influence on all our work. We have introduced extensive changes to meet the requirements of the new Ofsted Inspection Framework, which came into effect in September 2009. Our measures of success are fully aligned to the changed system for assessment of providers. We have supported our staff to improve teaching and learning and increased the proportion of teaching judged to be good and outstanding.

We will continue to exploit ICT to develop e-learning, providing more interactive and flexible learning opportunities. We will also continue to strengthen advice, support and guidance systems for learners and improve progression routes. It is our ambition to establish a national reputation in respect of the voice of the learner and we have developed a new Learner Engagement Strategy to achieve this.

We will review our learner support systems to ensure maximum impact on our success rates and the learner experience. We have surveyed our users and listened to their views to improve our services.

We are financially strong, which has enabled us to invest to improve our facilities. We have reviewed the structure of the organisation to ensure we are an efficient and effective merged organisation. We have developed and implemented a new brand for the new college and developed our communication with internal and external stakeholders.

Engaging our staff and developing their skills to meet the future direction of the college is vital to our success. We did develop extensive training and support programmes to bring the two staff groups together and to begin to create a new culture to achieve excellence.

Operational Plan – 2010/2011

4. There are no major curriculum changes planned, although reductions have been made in some of the courses within subject sector areas in line with funding allocations and priorities. The current Plan already outlines the strategic vocational specialisms that the College offers, and the gradual contraction of "general" provision, that is explicit within the current Plan. The College has removed the under performing A/AS Level provision from its offer. Also, the current strategy of embedded ESOL vocational provision will continue. We have in fact grown our numbers of young learners in the area of Construction at the Enfield Centre and in Sports through a new partnership with a football club.
In the light of recruitment trends this year a three year curriculum plan will be developed for our agreed areas of specialisms. We plan to review the offer for 14-16 year olds given the potential decline in numbers, especially for year 10 learners. Some areas of provision within Media, Art and Design and Performing Arts have under recruited and we need to review the whole offer across both centres. The Sports provision at the Tottenham Centre has also under recruited to some courses.

All areas will be developing employer related provision and in particular Apprenticeships.

We have also introduced new provision within Foundation Learning and the new QCF for accrediting learning to enhance personalised learning programmes.

Performance indicators

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

- learner number growth and achievement of SFA funding targets
- learner success rates
- teacher qualifications
- employer engagement

The LSC established a system of performance measures for colleges, the "Framework for Excellence".

The Framework has three dimensions:

- Responsiveness
- Effectiveness
- Finance

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

The College is committed to observing the importance of these measures and indicators within the Framework and is monitoring these through the completion of the annual Finance Record for the SFA. Financial health is rated Outstanding.

FINANCIAL POSITION

Financial results

The College and its subsidiaries generated an operating surplus in the year of £2,473,000 (2008/09 – surplus of £853,000). This includes an exceptional FRS17 adjustment of £1,719,000.

The Enfield College pension transfer has not been agreed. The actuaries were therefore unable to make any adjustment in their final report. The pension liability is £3,222k as per the 2008-09 audited accounts. Consequently there may be a contingent liability arising from the fund transfer. Given the current movement in the sector this may well be a net asset.

The College has accumulated reserves of £25,903,000 and cash balances of £15,656,000. The College wishes to continue to accumulate reserves and cash balances in order to create a contingency fund, fund new a new property strategy and cover a VAT liability of £2.7 million.

Tangible fixed asset additions during the year amounted to £1,051,000.

The College has significant reliance on the SFA/YPLA (successor bodies of the LSC) for its principal funding source, largely from recurrent grants. In 2009/10 the LSC and its successor organisations provided 82% of the College's total income.

The College has the following subsidiaries and joint ventures

Wholly owned subsidiaries

- CONEL Innovation Services Limited
- Monument Equity Employment Enterprise and Training Services Ltd

Joint Ventures

- Construction Training London Limited
- Tottenham Green Enterprise Centre Limited
- Open Learning Partnership Limited
- Apprenticeships First Limited (a company limited by guarantee)

Monument Equity Employment Enterprise and Training Services Ltd hold 100% shares in Keeping It Simple Training Ltd. Any surpluses generated by the subsidiaries are gift aided to the College in proportion to the College's shareholding. The accounts are consolidated.

Treasury policies and objectives

Treasury management is the management of the College's cash flows, its banking, money market and capital market transactions; the effective control of the risks associated with those activities; and the pursuit of optimum performance consistent with those risks.

The College has a separate treasury management policy in place. This policy was reviewed by the College governors in October 2008.

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

Cash flows

The College's cash position remains robust with cash balances standing at £16 million as at 31 July 2010 (£10.5 million as at 31 July 2009).

CURRENT AND FUTURE DEVELOPMENT AND PERFORMANCE

Data for 2009-10 includes the addition of Enfield college learners following the merger.

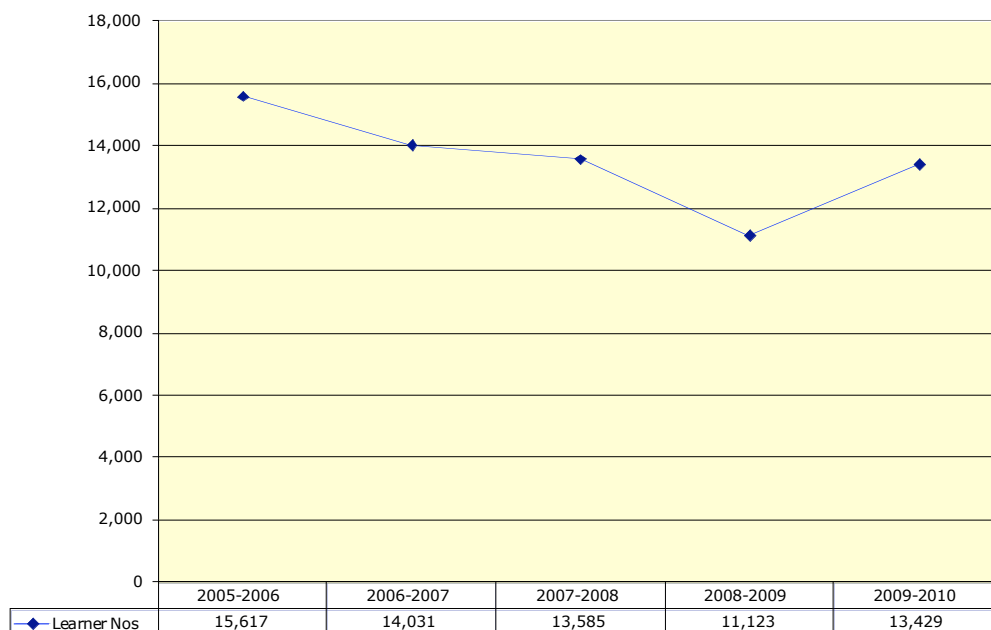
Student numbers

In 2009/10 the College has delivered activity that has produced £34,968,000 in funding body main allocation funding (2008/09 - £24,871,000). The College had approximately 13,429 funded (excluding employer responsive) by SFA/YPLA and 1,872 non-funded students.

The FE funding methodology changed in 2008/2009 financial year. The learner numbers are classified as per funding streams, which are 16-18 Learner responsive, Adult Learner responsive and Employer responsive. The actual Learner numbers for each funding stream and targets for 09/10 are shown below.

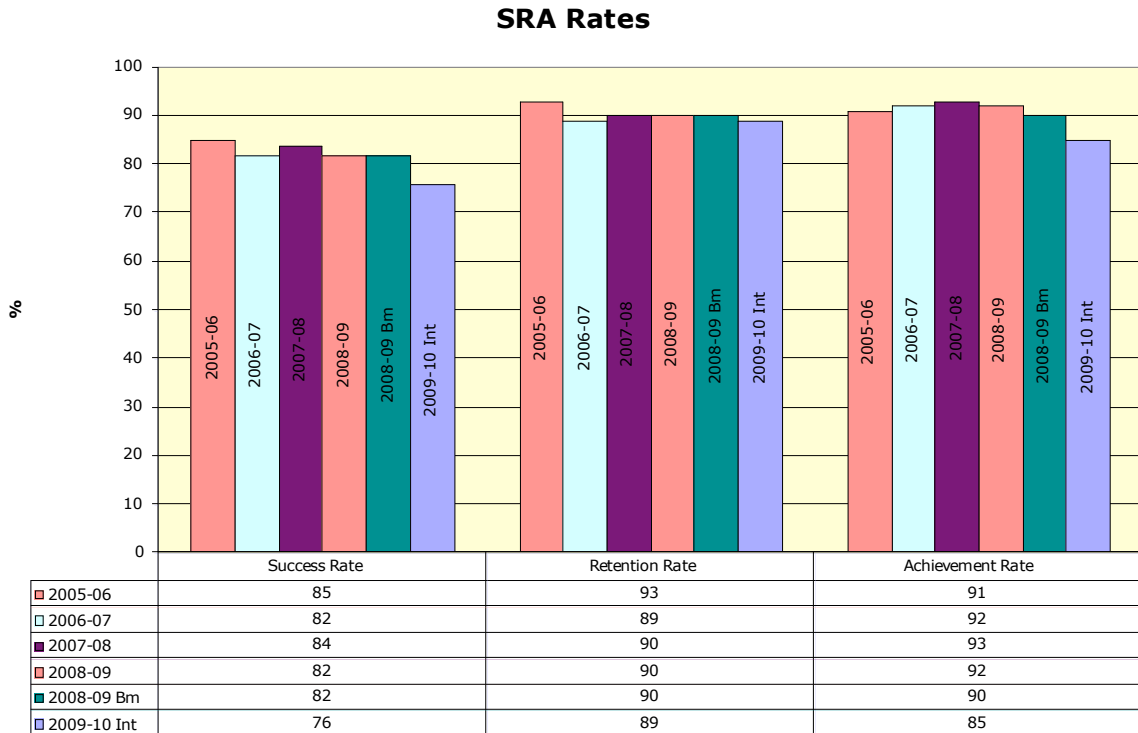
Funding Stream	2009-10 Target	2009-10 Actual	Variance
Learner Responsive - 16-18	3,252	3,209	(43)
Learner Responsive - Adults	10,646	10,220	(426)
Employer Responsive	2,833	3,342	509
Total	16,731	16,771	40

Funded Learner Numbers from 2005-2006 to 2009-2010



Student achievements

Students continue to prosper at the College. Retention and achievement results are shown below compared to the Benchmark (BM) for 2008-9. Note 2009-10 results are interim.



Measures of Success

Curriculum developments

In 2009-10 a number of changes to the curriculum and its delivery structure were introduced through the College's business planning processes in which curriculum review was an integral element. The business planning processes were informed by the Government's priorities for the Learning and Skills sector, namely 14-19, Adult Skills Training, ESOL for Work provision and embedded Skills for Life and Work. Further, target bearing qualification at Level 2 and Level 3 were also prioritised.

The focus of these curriculum changes was to continue to develop a curriculum of the highest quality built around the learning and training needs of learners, whilst at the same time incorporating within this the Governments challenging target bearing provision. In addition, the annual curriculum review was designed to position the curriculum around occupational sectors to enable more rapid responses from curriculum teams to employers training needs and Adult Skill needs within these sectors. The curriculum for young people was reviewed to ensure that it continues to offer a distinctive and high quality experience for youngsters offering an aspirational culture to motivate youngsters and delivering learning that is practical, applied, and develops their skills as well as their knowledge.

The curriculum changes were based on the following criteria:

- Accurate trend data on learner attendance, retention, pass, success and progression rates, and compared with national benchmarks;
- Local and pan-London labour market intelligence, including feedback from a variety of stakeholders (local employers, sector Skills Councils, the LSC Employer Survey); the London Learning and Skills Board Employer Survey;
- The voice and experience of our learners and the need to consistently deliver high quality learning and teaching;
- Curriculum and assessment changes coming from the Qualifications and Curriculum Authority (QCA) and the imperative to have clear learning programmes.
- Curriculum for Adult Skills that is responsive to their training needs, is flexible to accommodate their preferred learning and training plans and provide roots into and through their chosen occupational sectors;
- Enhancement of Level 2 provision within specific vocational areas in order to contribute to the target bearing priority qualifications at Level 2 and Level 3 whilst ensuring the building blocks from Entry and Level 1 feed directly into these target bearing qualifications;
- A young people's curriculum that continues to foster inclusion and an aspirational culture with the development of functional skills and employability skills within the delivery of the young people's learning experiences.
- A curriculum that contributes to the delivery of Government policy initiatives of 14-19 learners whilst developing the new Specialist Diploma in Construction and the importance of applied practical, technical and vocational learning and training within the Colleges offer and adult applied vocational curriculum that develops functional and employability skills to enable adults to move into jobs, or within jobs;
- An adult curriculum that responds to the skills agenda for adults in work and indeed for those adults trying to gain work;
- A curriculum that is responsive to the training needs of local employers providing apprenticeship opportunities for employees particularly within our strategic vocational areas of Construction, Care and Health, Early Years and in Hairdressing.

These same criteria, although not exclusive, will continue to inform and improve the curriculum review element of the College's annual business planning process for the period of 2009-12 Strategic Development Plan. The outcomes of the inspection and the plan to achieve outstanding grades in all areas of teaching over the next three years will inform the curriculum strategy.

The curriculum focus is about strengthening our market position within our key strategic vocational areas (Construction, Care, Health and Early Years, Service Industries such as Hairdressing, Beauty Therapy, Public Services, Sports and Recreation and Financial Services) whilst identifying niche areas that we can offer within the saturated Creative and ICT Industries pan-London. The Colleges provision needs to demonstrate its responsiveness and anticipation of local and pan-London labour market needs. The building blocks that under-pin the provision is the Skills for Life embedded learning provision delivered through ESOL vocational and other embedded ESOL and embedded Literacy and Numeracy provision.

Payment performance

The Late Payment of Commercial Debts (Interest) Act 1998, which came into force on 1 November 1998, requires colleges, in the absence of agreement to the contrary, to make payments to suppliers within 30 days of either the provision of goods or services or the date on which the invoice was received. The target set by the Treasury for payment to suppliers within 30 days is 95 per cent. During the accounting period 1 August 2009 to 31 July 2010, the College paid 98 percent of its invoices within 30 days. The College incurred no interest charges in respect of late payment for this period.

Post-balance sheet events

There are no post balance sheet events.

Future developments

The College aims to maintain a sound financial contribution by reviewing efficiency possibilities across the college site. The College would like to reduce its dependency on the SFA and is seeking opportunities particularly in the areas where the College currently performs such as HEFCE and Commercial provision.

The College agreed a new Property Strategy in 2009/10 which has now started to be implemented with the construction of new facilities at Enfield Centre.

RESOURCES

The College has various resources that it can deploy in pursuit of its strategic objectives. The College is constantly seeking to optimise its efficiency gains in procurement and non teaching costs in order to maximise the resource available for learning.

Financial

The College has £32.5 million of net assets (including a £14.7 million pension liability) and long term debt of £2.7 million relating to VAT.

People

The College employs 780 people (average number of persons expressed as full time equivalents), of whom 542 are teaching staff.

Reputation

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

The College was inspected by OFSTED during May 2008. Inspectors found the college to be "good with many outstanding features". Effectiveness of Provision, Achievement of Standards and Quality of Provision were judged to be Good; Leadership & Management and Capacity to Improve were judged as Outstanding; and the financial management as exemplary.

The provider financial management assurance audit carried out as part of the College inspection in May 2008 by the LSC found the effectiveness of the College's financial management and governance framework is grade 1, full assurance.

The College has the prestigious Training Quality Standard with acknowledgement of excellence in the field of Adult Social Care.

PRINCIPAL RISKS AND UNCERTAINTIES:

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

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

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

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

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

1. Government funding

The College has considerable reliance on continued government funding through the SFA/YPLA and HEFCE. In 2010, 88% of the College's revenue was ultimately public funded and this level of requirement is expected to continue. Government policy has changed.

The outcome of the government's comprehensive spending review will have a significant impact on Further Education funding in future years and at a time when students may face a drop in income and when unemployment is expected to stay high. The details have not yet been fully evaluated but Adult Responsive funding is expected to fall, Train to Gain will be phased out, but additional funding will be provided for Apprenticeships.

This risk is mitigated in a number of ways:

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

2. Tuition fee policy

The SFA intend to raise individual contributions. The fee assumption increased to 47.5% in 2009/10 and will increase to 50% in 2010/11. In line with the majority of other colleges, The College of Haringey, Enfield and North East London will increase tuition fees in accordance with the rising fee assumptions. The price elasticity of adult learning is not yet fully understood. The risk for the College is that demand falls off as fees increased. This will impact on the growth strategy of the College.

This risk is mitigated in a number of ways:

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

3. Maintain adequate funding of pension liabilities

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

STAKEHOLDER RELATIONSHIPS

In line with other colleges and with universities, The College of Haringey, Enfield and North East London 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

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

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

The College considers all applications for employment from persons with disabilities, 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 and that reasonable adjustments are considered and implemented. The College's policy is to provide training, career development and opportunities for promotion that are, as far as possible, identical to those for other employees. 4% of the College's employees have declared that they have a disability.

Disability statement

The College seeks to achieve the objectives set down in the Disability Discrimination Act 1995 as amended by the Special Education Needs and Disability Acts 2001 and 2005, and in particular makes the following commitments:

- a) As part of the continued redevelopment of the buildings it is refurbishing lifts and ramps to ensure that most of the facilities will continue to allow access to people with a disability;
- b) There is a range of specialist equipment, which the College can make available for learners with disabilities;
- c) Information on choosing and enrolling on a course is included in the College Charter. Appeals against a decision not to offer a place are dealt with under the Complaints Policy;
- d) The College makes significant investment in the appointment of specialist lecturers to support students with learning difficulties and/or disabilities. There are a number of student support assistants who can provide a variety of support for learning. There is a continuing programme of staff development to ensure the provision of a high level of appropriate support for students who have learning difficulties and/or disabilities;
- e) Specialist programmes are described in programme fact sheets, and achievements and destinations are recorded and published in the standard College format;
- f) Counselling and welfare services are described in the College Learner Charter.

Disclosure of information to auditors

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

Approved by order of the members of the Corporation on 13 Dec 2010 and signed on its behalf by:



Mr K Brown - Chair of the Corporation

Members of the Corporation of the College of Haringey, Enfield and North East London

The Governors who served on the Board during the year 2009-10 were as follows:

	Date of commencement of appointment	Term of office	Date of resignation	Category of membership	Committees served
Mrs J Bax	Re-appointment from 17 July 2010	2 years		External	Standards; Finance, Policy and Resources, Learner Forums
Mr K Bevis	1 Aug 2009	To 19/11/11		External	Standards, Learner and Staff Forums
Mr K Brown	Re-appointment from 20 May 2010	2 years		External	Chair of Corporation; Search, Remuneration, Finance, Policy and Resources
Mr M Cooke	Re-appointment from 24 Nov 2009	2 years		External	Finance, Policy and Resources
Rev. N. Obunge	15 Dec 2008	4 years		External	Learner and Staff Forums
Dr. M Wing	Re-appointment from 24 Nov 2009	2 years		External	Standards
Ms A Rudkin	22 May 2008	4 years		External	Chair Audit
Mr F Ellis	21 Sep 2008	4 years		External	Staff and Learner Forums
Mr S Mehmet	14 July 2009	4 years		External	Search; Staff Forum
Cllr G Meehan	28 Nov 2008	4 yrs		External	
Cllr D Goddard	12 July 2008	4 yrs		External	Standards
Mr K Harmsworth	1 August 2009	To 21/9/11	8 May 2010	External	
Mr H Patel	13 Sept 2011	4 yrs		Staff	Search; Audit
Mr L Faizi	19 October 2009	1 yr		Student	Standards
Ms D Mirgova	19 October 2009	1yr		Student	Standards
Mr P. Head	1 October 2002			Principal	Finance, Policy and Resources
Ms M Hayward	19 October 2009	To 30/9/11		Staff	Standards
Mr J Johnstone	1 August 2009	To 12/12/12		External	Audit, Learner Forum
Ms J McCulloch	1 August 2009	To 21/9/11		External	Human resources, Learner Forums
Ms E Mould	1 August 2009	2 Years		External	Finance, policy and Resources; Search
Cllr E Santry	23 October 2008	4 Years		External	Learner and Staff Forums
Ms C Sullivan	Re-appointment from 24 November 2009	2 Years		External	Finance, Policy and Resources; Human Resources
Ms H Wilson	Re-appointment from 20 May 201	2 Years		External	Audit
Mr S Wright	1 August 2009	To 19/11/11		External	Finance, Policy and Resources; Search; Remuneration



Mr K Brown - Chair of the Corporation

Date: 13 December 2010

Professional Advisers

The Colleges professional advisers are as below:

Financial Statement & Regularity Auditors:

MacIntyre Hudson LLP
New Bridge Street House
30-34 New Bridge Street
London
EC4V 6BJ

Internal Auditors:

To 31/7/2010
RSM Tenon
66 Chiltern Street
London
W1U 4GB

From 1/8/2010
Mazars
Tower Bridge House
St Katherine's Way
London
E1W 1DD

Bankers:

Barclays Bank Plc
54 Lombard Street
London
EC3P 3AH

Solicitors:

Mills & Reeve
1 St James Court
Whitefriars
Norwich
NR3 1RU

Property Strategy:

Turner Townsend
10 Bedford Street
London
WC2 9HE

Corporate Governance Statement for the Financial Year 2009-2010

Corporate Governance

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 Section 1 of the Combined Code on Corporate Governance issued by the London Stock Exchange in July 2006. Its purpose is to help the reader of the accounts understand how the principles have been applied.

The clerk to the Corporation maintains a register of financial and personal interests of the governors. The register is available for inspection at The College of Haringey, Enfield and North East London, High Road, London N15 4RU.

In the opinion of governors, the College complies with all the provisions of the Combined Code in so far as they apply to the Further Education Sector and it has complied throughout the year ended 31 July 2010.

The Corporation

The composition of the Corporation is set out on page 14. 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, Policy and Resources, Remuneration, Search and Audit.

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

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

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

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

Appointments to the Corporation

Any new appointments to the Corporation are a matter for the consideration of the Corporation as a whole. The Corporation has a Search Committee comprised of five

members, which is responsible for the selection and nomination of any new member for the Corporation's consideration. The Corporation is responsible for ensuring that appropriate training is provided as required.

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

Remuneration Committee

Throughout the year ending 31 July 2010, the College's remuneration Committee comprised of four members. The Committee's responsibilities are to make recommendations to the Board on the remuneration and benefits of the Principal and other senior post holders.

Details of remuneration for the year ended 31 July 2010 are set out in note 7 to the financial statements.

Audit Committee

The Audit Committee comprises of four members of the Corporation and a Co-opted member. The Committee operates in accordance with written terms of reference approved by the Corporation.

The Audit Committee meets on a termly basis and provides a forum for reporting by the College's internal and financial statements auditors, who have access to the Committee for independent discussion, without the presence of College management. The Committee also receives and considers reports from the 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 recommendations and internal audit undertake periodic follow up reviews to ensure that such recommendations have been implemented.

The Audit Committee also advises the Corporation on the appointment of internal 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, not absolute assurance, against material misstatement or loss.

The Corporation has delegated to the Principal, as Accounting Officer, the day-to-day responsibility for reviewing the adequacy of the system of internal financial control and making any appropriate amendments. He is also responsible for reporting to the Corporation any material weaknesses or breakdowns in internal financial control.

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 and operational for the period from the beginning of February 2003 up to the date of approval of the annual report and accounts. This process is regularly reviewed by the Corporation.

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 College of Haringey, Enfield and North East London for the year ended 31 July 2010 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 2010 and up to the date of approval of the annual report and accounts. This process is regularly reviewed by the Corporation.

The risk and control framework

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

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

The College has an internal audit service, which operates in accordance with the requirements of the LSC's Audit Code of Practice. The work of the internal audit service is informed by an analysis of the risks to which the College is exposed, and annual internal audit plans are based on this analysis. The analysis of risks and the internal audit plans are endorsed by the Corporation on the recommendation of the audit committee. At 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 Principal's review of the effectiveness of the system of internal control is informed by:

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

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

The senior management team receives reports setting out key performance and risk indicators and considers possible control issues brought to their attention by early warning mechanisms, which are embedded within the departments and reinforced by risk awareness training. The senior management team and the audit committee also receive regular reports from internal audit, which include recommendations for improvement. The audit committee's role in this area is confined to a high-level review of the arrangements for internal control. The Corporation's agenda includes a regular item for consideration of risk and control and receives reports thereon from the senior management team and the audit committee. The emphasis is on obtaining the relevant degree of assurance and not merely reporting by exception. At its December 2010 meeting, the Corporation carried out the annual assessment for the year ended 31 July 2010 by considering documentation from the senior management team and internal audit, and taking account of events since 31 July 2010.

Going Concern

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



Mr K Brown - Chair of the Corporation



Mr P Head – Principal

Statement of the Responsibilities of the Members of the Corporation

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

Within the terms and conditions of the Financial Memorandum agreed between the 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; and
- Prepare financial statements on the going concern basis, unless it is inappropriate to assume that the College will continue in operation.

The Corporation is 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 funds from the LSC and the Skills Funding Agency are used only in accordance with the Financial Memorandum with the LSC and 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 by the LSC and the Skills Funding Agency are not put at risk.

Signed on behalf of the Corporation:



Mr K Brown - Chair of the Corporation

Statement on the System of Internal Financial Control

As Accounting Officer, I acknowledge my responsibility for ensuring that an effective system of internal financial control is maintained and operated by The College of Haringey, Enfield and North East London.

The system can provide only reasonable, and not absolute, assurance that assets are safeguarded, transactions authorised and properly recorded, and that material errors or irregularities are either prevented or would be detected within a timely period.

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

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

The College of Haringey, Enfield and North East London has an internal audit service, which operates in accordance with the requirements of the Learning and Skills Council's (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 College's governing body on the recommendation of the Audit Committee. At minimum annually, the internal auditor provides the governing body with a report on internal audit activity in the College. The report includes the internal auditor's independent opinion on the adequacy and effectiveness of the College's system of internal control, risk management controls and governance processes, including internal financial control.

My review of the effectiveness of the system of internal financial control is informed by the work of the internal auditors, the Audit Committee that oversees the work of the internal auditor, the executive managers within the College who have responsibility for the development and maintenance of the financial control framework, and comments made by the College's external auditors.



Mr P Head - Principal

Independent Auditors' Report to the Corporation of The College of Haringey, Enfield and East London

We have audited the financial statements of The College of Haringey, Enfield and North East London for the year ended 31 July 2010, which comprise the income and expenditure account, the balance sheet, the cash flow statement, the statement of total recognised gains and losses and the related notes. These financial statements have been prepared under the historical cost convention as modified by the revaluation of certain fixed assets and the accounting policies set out therein.

This report is made solely to the Corporation, as a body, in accordance with statutory requirements. Our audit work has been undertaken so that we might state to the Corporation, as a body, those matters we are required to state to them in an auditors' report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Corporation, as a body, for our audit work, for this report, or for the opinions we have formed.

Respective Responsibilities of the Members of the Corporation of The College of Haringey, Enfield and North East London and Auditors

As described in the Statement of Responsibilities the College's Corporation is responsible for preparing the Members Report and financial statements in accordance with the 2009/10 Accounts Direction, the 2007 Statement of Recommended Practice – Accounting for Further and Higher Education, applicable law, United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

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

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

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

Basis of Audit Opinion

We conducted our audit in accordance with International Standards on Auditing (UK and Ireland) issued by the Auditing Practices Board and the Audit Code of Practice issued by the Learning and Skills Council. An audit includes examination, on a test basis, of evidence relevant to amounts and disclosures in the financial statements.

It also includes an assessment of the significant estimates and judgements made by the College's Corporation in the preparation of the financial statements, and of whether the accounting policies are appropriate to the College's circumstances, consistently applied and adequately disclosed.

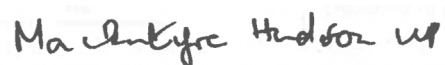
We planned and performed our audit so as to obtain all the information and explanations which we considered necessary in order to provide us with sufficient evidence to give us reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or other irregularity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

forming our opinion we also evaluated the overall adequacy of the presentation of information in the financial statements.

Opinion

In our opinion

- The financial statements give a true and fair view, in accordance with United Kingdom Generally Accepted Accounting Practice, of the state of affairs of the Group and College as at 31 July 2010 and of the Group's surplus of income over expenditure for the year then ended, and
- The financial statements have been properly prepared in accordance with the 2009/10 Accounts Direction issued jointly by the Skills Funding Agency and the Young Peoples Learning Agency and the 2007 Statement of Recommended Practice – Accounting for Further and Higher Education.



MacIntyre Hudson LLP
New Bridge House
30-34 New Bridge Street
London
EC4V 6BJ

Date 13 December 2010

Report of the Vice Principal Finance and Resources

Introduction

The College's financial position remains robust with cash balances of £16 million and general reserves of £27 million (excluding pensions deficit) at 31 July 2010. The College holds SFA Category 'outstanding' financial health status. The operational surplus before restructuring costs for the year was £2,839,000 and after restructuring costs the College produced an operating surplus of £2,473,000 on turnover of £49 million. This surplus includes an exceptional item of £1,719,000 relating to FRS17 pension adjustment.

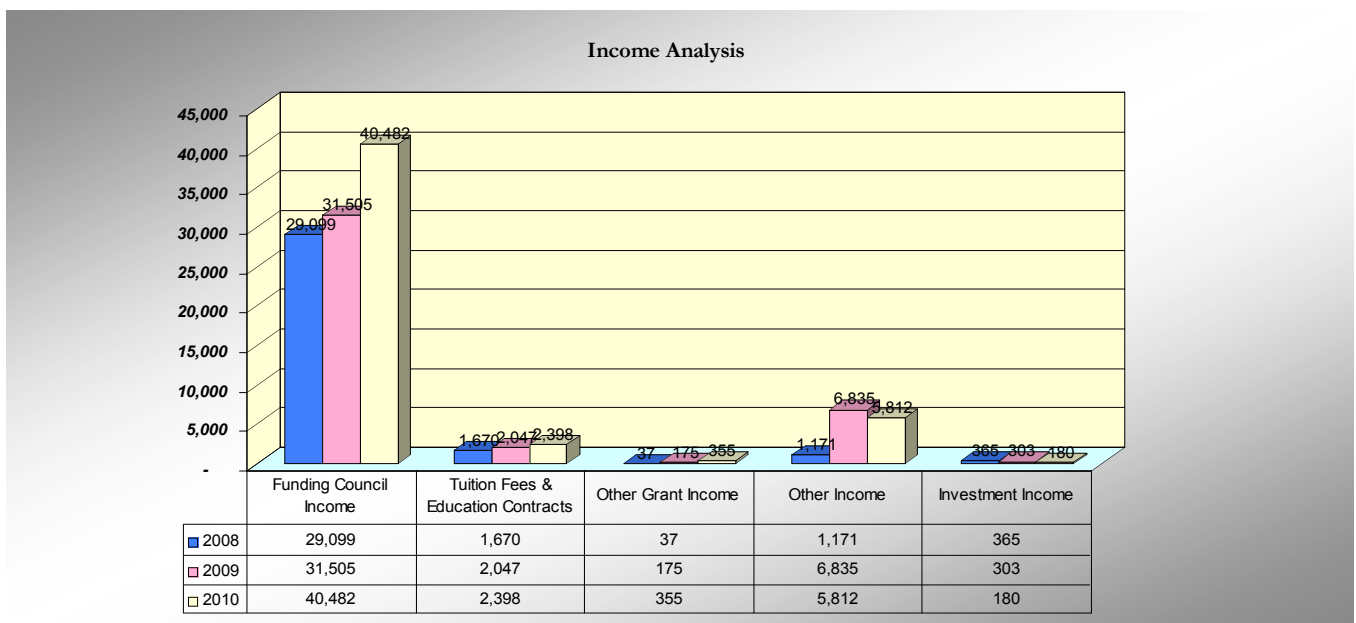
Scope of Financial Statements

The statements indicate where the data on the College's subsidiaries have been included. This is presented as either "Group" or "College", as appropriate.

Major sources of income

The major source of income is the LSC or its successor organisations funding of £40 million, accounting for 82% of total income in the year. This together with other income streams are shown below.

Diagram 1: Income Analysis



Cash Flow

The major issues affecting cash flow during the year were:

- Generation of a surplus of £4,993k (before charging depreciation)
- Capital expenditure of £1 million;
- Movement in debtors and creditors

Financial Objectives

The College set itself the following financial objectives:

Maintain grade 'outstanding' in SFA financial health status. This has been achieved.

In year surplus

The College will:

- Achieve an operating surplus before allowing for FRS17 pension adjustments. This has been achieved.

Solvency and liquidity

The College will

- Protect itself from unforeseen adverse changes in its income by maintaining adequate cash reserves;
- Maintain a minimum of 25 cash days at all times;
- Maintain a ratio of current assets to current liabilities of at least 1.5:1;
- Maintain a general reserve of more than £15 million.

All of the above have been achieved.

Achievement of Financial Objectives

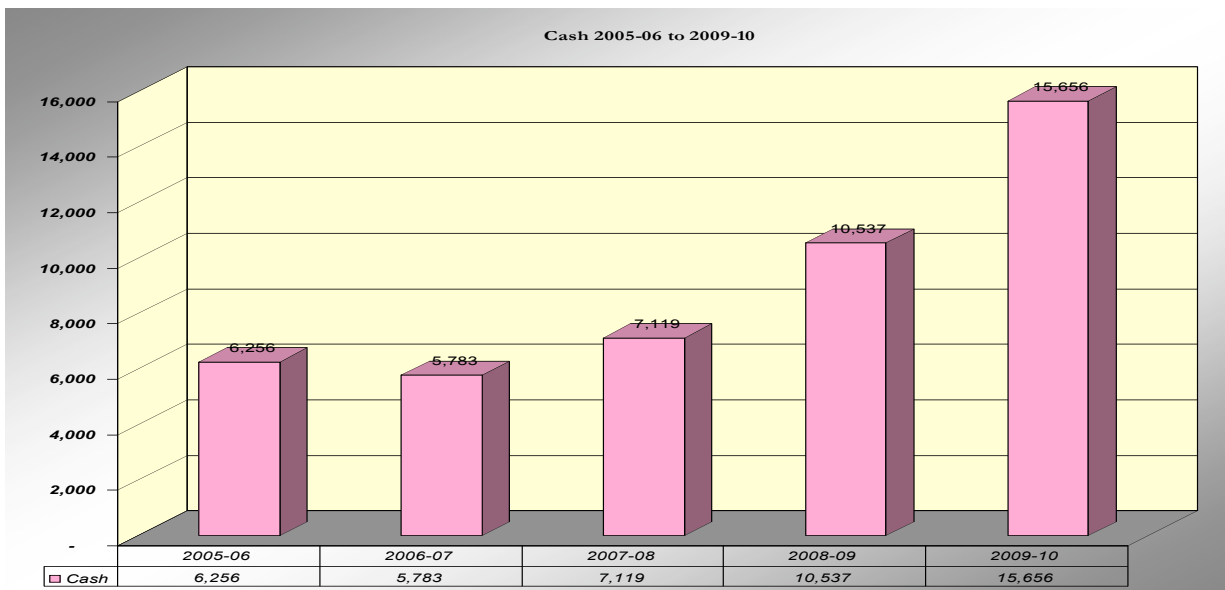
The key financial performance indicators by which these financial objectives can be measured are set out below:

- Cash and Liquidity;
- Financial Health;
- Investments.

Cash and Liquidity

Cash

Diagram 2: Cash



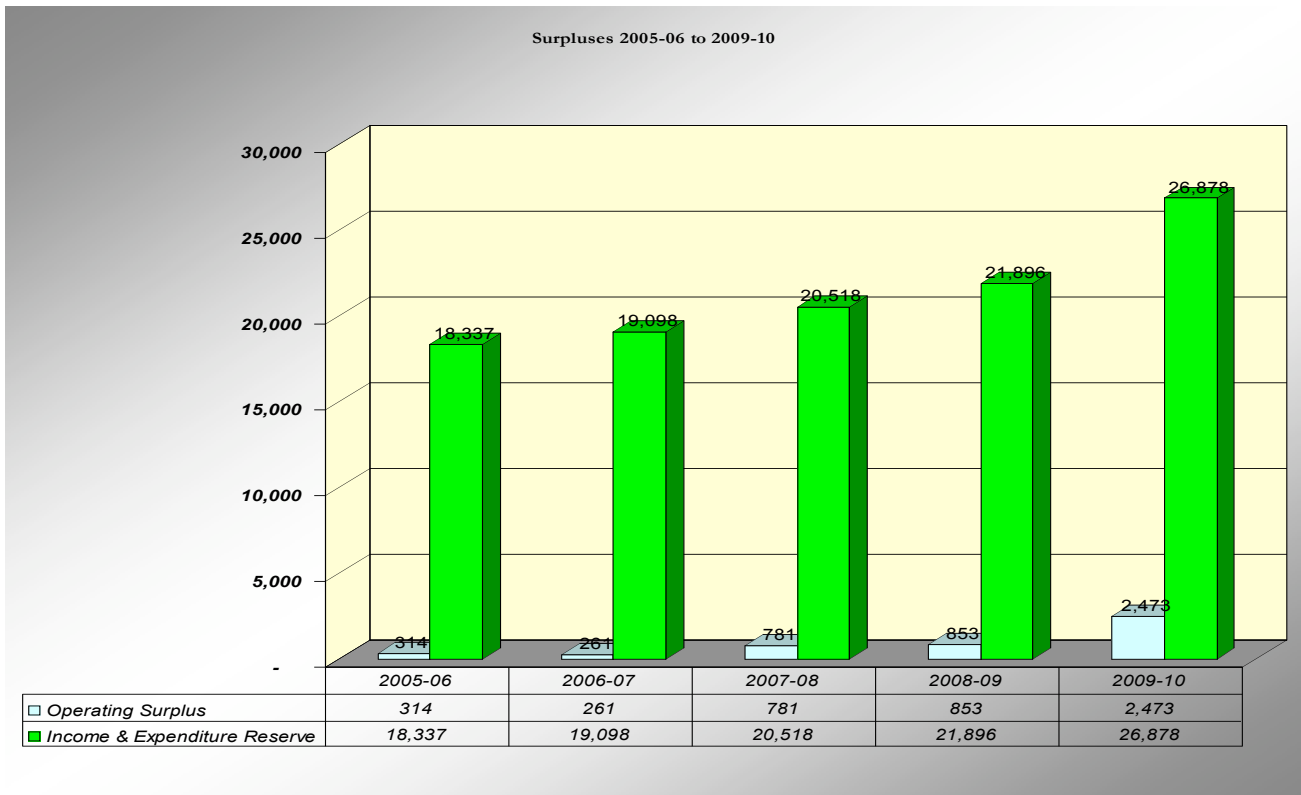
The College's cash position remains robust with cash balances standing at £16 million as at 31 July 2010. The College's financial objective is to maintain a minimum cash balance of £1.5 million in the event of losing some of the SFA funding in any one year. The remaining cash balances of £14.5 million provide towards the liability on VAT of £2.7 million and future developments.

Liquidity

This is measured by the ratio of current assets to current liabilities. The College's financial objective is to have a minimum net current asset ratio of 1.5:1. At the 31 July 2010 the net ratio was 1.8:1.

Financial Health

Diagram 3: Financial Health



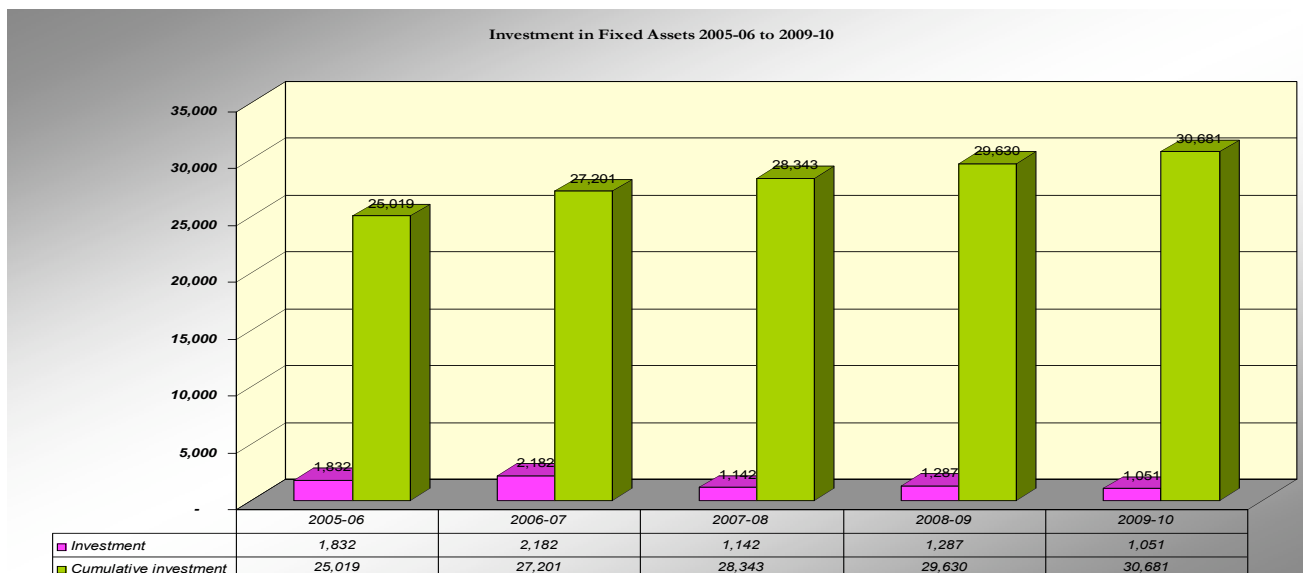
This is measured by the operating surplus and income and expenditure reserves. The College's financial objective has been to achieve a sustained operating surplus; the College has maintained this objective.

The accumulated income and expenditure reserve at 31 July 2010 stands at £27 million (excluding pensions deficit) and is contributing to funding the capital programme.

Investments

The investment on the physical infrastructure of the College is set out in the table below:

Diagram 4: Investment in Fixed Assets



The table shows significant investment in its physical infrastructure that the College has made in recent years. This, together with associated data in this report demonstrates that the College has been able to undertake substantial investment in its buildings without detriment to a robust standard of financial health and solvency.

Other performance issues

Pay Award

A general pay award of 1.5% was made with effect from 1 August 2009 approved by the corporation.

Creditor payment

The College policy is to pay within 30 days. With limited exception, this was achieved during the year.

**Consolidated Income and Expenditure Account
for the period from 1 August 2009 to 31 July 2010**

	Notes	2010 £'000	2009 £'000
INCOME			
Funding body income	2	40,482	41,939
Tuition fees and education contracts	3	2,398	2,620
Other grants and contracts	4	355	260
Other income	4	5,812	7,231
Endowment and investment income	5	180	388
Total income		49,227	52,438
EXPENDITURE			
Staff costs	6	29,406	30,504
Exceptional restructuring costs	6	366	385
Other operating expenses	8	15,543	17,270
Depreciation	12 & 13	2,520	2,611
Interest and other finance costs	9	762	651
Total expenditure		48,597	51,421
Surplus on continuing operations after depreciation of assets at valuation and before exceptional items and tax		630	1,017
Loss on disposal of assets		-	-
Exceptional items	11	1,719	-
Property strategy costs		-	(729)
Share of operating profit/ (loss) of joint ventures		124	(8)
Surplus on continuing operations after depreciation of assets at valuation, exceptional items and disposal of assets but before tax		2,473	280
Taxation	10	-	-
Surplus on continuing operations after depreciation of assets at valuation and tax	11	2,473	280
Transfer from accumulated income within specific endowments		-	-
Surplus for the year retained within general reserves		2,473	280

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

**Consolidated Statement of the Total Recognised Gains and Losses
for the year ended 31 July 2010**

	Notes	2010 £'000	2009 £'000
Surplus on continuing operations after depreciation of assets at valuation and tax		2,473	280
Unrealised surplus on revaluation of fixed assets	12	-	-
Appreciation of endowment asset investments	21	-	-
Actuarial gain in respect of pension scheme	32	(781)	(5,919)
New endowments	21	-	-
Total recognised gains/(losses) since last report		<u>1,692</u>	<u>(5,639)</u>
Reconciliation			
Opening reserves and endowments		26,209	31,848
Total recognised gains for the year		1,692	(5,639)
Merger costs written off to reserves		(1,998)	-
Closing reserves and endowments		<u>25,903</u>	<u>26,209</u>

**Consolidated Statement of Historical Cost Surpluses and Deficits
for the year ended 31 July 2010**

	Notes	2010 £'000	2009 £'000
Surplus on continuing operations before taxation		2,473	280
Difference between historical cost depreciation and the actual charge for the year calculated on the revalued amount	22	402	402
Realisation of property revaluation gains of previous years	22	-	-
		<hr/>	<hr/>
Historical cost surplus for the year before taxation		<u>2,875</u>	<u>682</u>
Historical cost surplus for the year after taxation		<u>2,875</u>	<u>682</u>

Balance Sheets as at 31 July 2010

	Notes	Group 2010 £'000	College 2010 £'000	Group 2009 £'000	College 2009 £'000
Fixed assets					
Tangible assets	12	43,235	43,195	44,704	44,689
Goodwill	13	-	-	910	-
Investments	13	175	51	43	51
Total fixed assets		43,410	43,246	45,657	44,740
Endowment assets	14	-	-	-	-
Current assets					
Stocks		-	-	33	33
Debtors	15	1,968	1,926	3,542	3,666
Assets held for resale		-	-	-	-
Investments		10,000	10,000	10,151	10,151
Cash at bank and in hand		5,656	5,162	3,595	3,238
Total current assets		17,624	17,088	17,321	17,088
Less: Creditors – amounts falling due within one year	16	(9,885)	(9,744)	(9,989)	(8,548)
Net current assets		7,739	7,344	7,332	8,540
Total assets less current liabilities		51,149	50,590	52,989	53,280
Less: Creditors – amounts falling due after more than one year	17	(2,683)	(2,683)	(3,362)	(3,329)
Less: Provisions for liabilities	19	(1,254)	(1,254)	(1,377)	(1,377)
Net assets excluding pension liability		47,212	46,653	48,250	48,574
Net pension liability	32	(14,689)	(14,689)	(15,138)	(15,138)
NET ASSETS INCLUDING PENSION LIABILITY		32,523	31,964	33,112	33,436
Deferred capital grants	20	6,620	6,620	6,903	6,903

Specific endowments	21	-	-	-	-
General endowments	21	-	-	-	-
Total endowments		-	-	-	-
Income and expenditure account excluding pension reserve	23	26,878	26,319	27,231	27,555
Pension reserve	32	(14,689)	(14,689)	(15,138)	(15,138)
Income and expenditure account including pension reserve	23	12,189	11,630	12,093	12,417
Revaluation reserve	22	13,714	13,714	14,116	14,116
Total reserves		25,903	25,344	26,209	26,533
TOTAL		32,523	31,964	33,112	33,436

The financial statements on pages 29 to 64 were approved by the Corporation on 13 December 2010 and were signed on its behalf by:



Mr K Brown - Chair of the Corporation



Mr P Head – Principal

Consolidated Cash Flow Statement for the year ended 31 July 2010

	Notes	2010	2009
		£'000	£'000
Cash inflow from operating activities	24	3,412	4,272
Returns on investments and servicing of finance	25	72	279
Taxation	10	-	-
Capital expenditure and financial investment	26	(1,051)	(1,707)
Management of liquid resources	27	(151)	458
Financing	28	(523)	(61)
		<hr/>	<hr/>
Increase in cash in the year	29	<u>1,759</u>	<u>3,241</u>
Reconciliation of net cash flow to movement in net funds			
Increase in cash in the period		1,759	3,241
Cash inflow from new secured loan	28	-	-
Cash inflow/(outflow) from liquid resources	27	151	(458)
Change in net funds resulting from cash flows	28	<u>523</u>	<u>61</u>
Movement in net funds in the period		2,433	2,844
Net funds at 1 August		<u>12,028</u>	<u>9,184</u>
		<hr/>	<hr/>
Net funds at 31 July		<u>14,461</u>	<u>12,028</u>

Notes to the Financial Statements for the period from 1 August 2009 to 31 July 2010

1. Statement of Accounting Policies

Basis of preparation

These Financial Statements were prepared in accordance with the Statement of Recommended Practice (SORP): Accounting for Further and Higher Education 2007 and in accordance with applicable Accounting Standards. They conform to guidance published in the 2009/10 Accounts Direction Handbook.

Basis of accounting

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

Basis of consolidation

The consolidated financial statements normally include the College and its subsidiaries. The results of subsidiaries acquired or disposed of during the period are included in the consolidated income and expenditure account from the date of acquisition or up to the date of disposal. Intra-group sales and profits are eliminated fully on consolidation.

In accordance with FRS2, the activities of the student union have not been consolidated because the College does not control those activities. All financial statements are made up to 31 July 2010.

Recognition of income

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

Income from grants, contracts and other services rendered is included to the extent of the completion of the contract or service concerned. All income from short-term deposits is credited to the income and expenditure account in the period in which it is earned.

The recurrent grant from HEFCE represents the funding allocations attributable to the current financial year and is credited direct to the income and expenditure account.

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

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

Pension schemes

Retirement benefits to employees of the College are provided by the Teachers' Pension Scheme (TPS) and the London Borough of Haringey Superannuation Scheme (LBHSS). These are defined benefit schemes, which are externally funded and contracted out of the State Earnings Related Pension Scheme (SERPS). Contributions to the schemes are charged to the income and expenditure account, so as to spread the cost of pensions over employees' working lives with the College in such a way that the pension cost is a substantially level percentage of current and future pensionable payroll.

The contributions are determined by qualified actuaries on the basis of triennial valuations using the projected unit method for the LBHSS and quinquennial valuations using a prospective benefit method for the TPS.

The assets of the LGPS are measured using closing market values. LGPS liabilities are measured using the projected unit method and discounted at the current rate of return on a high quality corporate bond of equivalent term and currency to the liability. The increase in the present value of the liabilities of the scheme expected to arise from employee service in the period is charged to the operating surplus. The expected return on the scheme's assets and the increase during the period in the present value of the scheme's liabilities, arising from the passage of time, are included in pension finance costs. Actuarial gains and losses are recognised in the statement of total recognised gains and losses.

Enhanced Pensions

The actual cost of any enhanced ongoing pension to a former member of staff is paid by the College annually. An estimate of the expected future cost of any enhancement to the ongoing pension of a former member of staff is charged in full to the College's income and expenditure account in the year that the member of staff retires. In subsequent years a charge is made to provisions in the balance sheet using the enhanced pension spreadsheet provided by the LSC and its successor organisations.

Notes to the Financial Statements for the period from 1 August 2009 to 31 July 2010

Tangible fixed assets

Land and buildings

Land and buildings inherited from the Local Education Authority (LEA) are stated in the balance sheet at valuation on the basis of depreciated replacement cost, as the open market value for existing use is not readily obtainable. Land and buildings acquired since incorporation are included in the balance sheet at cost. Freehold land is not depreciated. Freehold buildings are depreciated over their expected useful economic life to the College of between 25 and 50 years as appropriate. The College has a policy of depreciating major adaptations to buildings over the period of their useful economic life.

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

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

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

On adoption of FRS 15, the College followed the transitional provision to retain the book value of land and buildings, which were valued in 1992, 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.

Equipment

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

All assets are depreciated over their useful economic life as follows:

Motor vehicles and general equipment	- 5 years;
Computer equipment	- 4 years;
Furniture and fittings	- 5 years.

Where equipment is acquired with the aid of specific grants, it is capitalised and depreciated in accordance with the above policy, with the related grant being credited to a deferred capital grant account and released to the income and expenditure account over the expected useful economic life of the related equipment.

Notes to the Financial Statements for the period from 1 August 2009 to 31 July 2010

Leased Assets

Costs in respect of operating leases are charged on a straight-line basis over the lease term. Leasing agreements, which transfer to the College substantially all the benefits and risks of ownership of an asset are treated as if the asset had been purchased outright. The assets are included in fixed assets and the capital elements of the leasing commitments are shown as obligations under finance leases. The lease rentals are treated as consisting of capital and interest elements.

The capital element is applied to reduce the outstanding obligations and the interest element is charged to the income and expenditure account in proportion to the reducing capital element outstanding. Assets held under finance leases are depreciated over the shorter of the lease term or the useful economic lives of equivalent owned assets.

Maintenance of premises

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

Taxation

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

Accordingly, the College is potentially exempt from taxation in respect of income or capital gains received within categories covered by section 505 of the ICTA 1988 or section 256 of the Taxation of Chargeable Gains Act 1992, to the extent that such income or gains are applied to exclusively charitable purposes.

The College receives no similar exemption in respect of Value Added Tax.

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

Liquid resources

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

Provisions

Provisions are recognised when the College has a present legal or constructive obligation as a result of a past event. It is 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.

Notes to the Financial Statements for the period from 1 August 2009 to 31 July 2010

Agency arrangements

The College acts as an agent in the collection and payment of Learner Support Funds. Related payments received from the LSC or its successor organisations and subsequent disbursements to students are excluded from the Income and Expenditure account and are shown separately in Note 38, 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.

Notes to the Financial Statements for the period from 1 August 2009 to 31 July 2010

2. Funding Body Income

	2010 £'000	2009 £'000
Recurrent grant – LSC/SFA/YPLA	34,968	34,652
Recurrent grant – HEFCE	-	-
Non recurrent grants – LSC/SFA/YPLA	5,232	7,001
Releases of deferred capital grants (note 20)	282	286
HE development grant	-	-
Total	<u>40,482</u>	<u>41,939</u>

The College was not part of a consortium to deliver Train To Gain during 2009/10, although subcontracting to franchise partners was retained together with significant direct delivery generated by College partners.

	2010 £'000	2009 £'000
Train To Gain income	-	296
Payments to FE College partners	-	246
Net income	<u>-</u>	<u>50</u>

3. Tuition Fees and Education Contracts

	2010 £'000	2009 £'000
Tuition fees	1,142	1,170
Education contracts	1,256	1,450
Total	<u>2,398</u>	<u>2,620</u>

Tuition fees funded by bursaries

Included within the above amounts are tuition fees funded by bursaries of £176K (2008/09 £254K).

Notes to the Financial Statements for the period from 1 August 2009 to 31 July 2010

4. Research grants and contracts

	2010	2009
	£'000	£'000
European Commission	-	-
Other grants and contracts	<u>355</u>	<u>260</u>
Total	<u>355</u>	<u>260</u>

Other Income

	2010	2009
	£'000	£'000
Nursery income	279	293
Commercial income	253	226
Other	3,510	951
Subsidiary Income	<u>1,770</u>	<u>5,761</u>
	<u>5,812</u>	<u>7,231</u>

5. Endowment and investment income

	2010	2009
	£'000	£'000
Other interest receivable	<u>180</u>	<u>388</u>
Total	<u>180</u>	<u>388</u>

Notes to the Financial Statements for the period from 1 August 2009 to 31 July 2010

6. Staff Costs

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

	2010 No.	2009 No.
Teaching staff	542	548
Non teaching staff	238	265
	780	813

Staff costs for the above persons:

	2010 £'000	2009 £'000
Wages and salaries	23,855	24,695
Social security costs	1,852	1,896
Other pension costs (including FRS 17 adjustments of - £165,000, £171,000 - 2009)	2,491	2,646
Payroll sub total	28,198	29,237
Contracted out teaching staffing services	1,208	1,267
	29,406	30,504
Exceptional restructuring costs	366	385
	29,772	30,889

Notes to the Financial Statements for the period from 1 August 2009 to 31 July 2010

Staff Costs (Continued)

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

	Senior post-holders		Other staff	
	2010 No.	2009 No.	2010 No.	2009 No.
£50,001 to £60,000	-	1	21	18
£60,001 to £70,000	-	-	5	5
£70,001 to £80,000	1	-	4	9
£80,001 to £90,000	-	1	3	-
£90,001 to £100,000	1	-	-	-
£100,001 to £110,000	-	1	-	-
£110,001 to £120,000	-	-	-	-
£120,001 to £130,000	1	1	-	-
£130,001 to £140,000	1	1	-	-
£140,001 to £150,000	-	-	-	-
£150,001 to £160,000	-	-	-	-
£160,001 to £170,000	-	1	-	-
£170,001 to £180,000	1	-	-	-
	5	6	33	32
	5	6	33	32

A general pay award of 1.5% was made with effect from 1 August 2009 approved by the corporation.

Notes to the Financial Statements for the period from 1 August 2009 to 31 July 2010

7. Senior Post-holders' Emoluments

Senior post-holders are defined as the principal (or chief executive) and holders of other senior posts whom the board have selected for the purposes of the articles of government of the College relating to the appointment and promotion of staff who are appointed by the board of governors.

	2010 Number	2009 Number
The number of senior post-holders including the principal was	5	6
	-----	-----

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

	2010 £	2009 £
Salaries	508,196	479,668
Benefits in kind	-	309
Pension contributions	<u>88,058</u>	<u>79,646</u>
Total emoluments	596,254	559,623

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

	2010 £	2009 £
Salaries	142,969	140,301
Benefits in kind	-	-
	<u>142,969</u>	<u>140,301</u>
Pension contributions	<u><u>28,447</u></u>	<u><u>26,738</u></u>

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

The 2009 comparative relates to the Principal of the College of North East London.

Notes to the Financial Statements for the period from 1 August 2009 to 31 July 2010

Senior Post-holders' Emoluments (continued)

The members of the Corporation other than the Principal and the staff member did not receive any payment from the College other than the reimbursement of travel and subsistence expenses incurred in the course of their official duties.

Overseas Activities

There were no costs incurred during the year in respect of overseas activities.

Notes to the Financial Statements for the period from 1 August 2009 to 31 July 2010

8. Other Operating Expenses

	2010	2009
	£'000	£'000
Teaching costs	6,767	6,549
Non teaching costs	6,365	7,717
Premises costs	2,411	3,004
	<hr/>	<hr/>
Total	<u>15,543</u>	<u>17,270</u>

**Above operating expenses include
£1,288k of expenses of subsidiaries.**

Other operating expenses include:

	2010	2009
	£'000	£'000
Auditors' remuneration:		
Financial statements audit	37	40
Internal audit	31	48
Other services provided by the financial statements auditors	-	90
Other services provided by the internal auditors	-	-
	<hr/>	<hr/>

Notes to the Financial Statements for the period from 1 August 2009 to 31 July 2010

9. Interest Payable

	2010	2009
	£'000	£'000
On bank loans, overdrafts and other loans:		
Repayable within five years, not by instalments		
Repayable within five years, by instalments		
Repayable wholly or partly in more than 5 years	108	109
	<u>108</u>	<u>109</u>
Pension finance costs (note 32)	654	542
	<u>654</u>	<u>542</u>
Total	<u>762</u>	<u>651</u>

10. Taxation

The group was not liable for corporation tax arising from its activities during the year.

11. Surplus on Continuing Operations for the Period

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

	2010	2009
	£'000	£'000
College	2,563	125
Keeping It Simple Training Ltd	(366)	360
Conel Innovation Services Ltd	152	(197)
Share of Joint Ventures	124	(8)
Group surplus for the period	<u>2,473</u>	<u>280</u>

Exceptional Item

In its June 2010 budget, the Government announced that it intended for future increases in public sector pension schemes to be linked to changes in the Consumer Prices Index (CPI) rather than, as previously, the Retail Price Index (RPI). The College has considered the issues involved and has concluded that as a result, the resulting gain is a 'past service cost' as defined by FRS 17 and should be recognised through the Income and Expenditure Account. As it amounts to £1,719k it is shown as an exceptional item. At the date of these financial statements, the Urgent Issues Task Force (UITF) is in the process of consulting widely on the accounting treatment for this change and is expected to issue a final Abstract towards the end of 2010. Should the Abstract call for a different accounting treatment it may be necessary to reflect any change as a prior period adjustment in the financial statements for the following year.

Notes to the Financial Statements for the period from 1 August 2009 to 31 July 2010

12. Tangible Fixed Assets (Group)

	Land and buildings Freehold £'000	Long leasehold £'000	Equipment £'000	Total £'000
Cost or valuation				
At 1 August 2009	54,583	-	13,757	68,340
Additions	47		1,004	1,051
Surplus on revaluation	-	-	-	-
Disposals	-	-	-	-
	<hr/>			
At 31 July 2010	54,630	-	14,761	69,391
Depreciation				
At 1 August 2009	12,795	-	10,841	23,636
				-
Charge for the year	1,096		1,424	2,520
Revaluation	-	-	-	-
Elimination in respect of disposals	-	-	-	-
	<hr/>			
At 31 July 2010	13,891	-	12,265	26,156
Net book value at 31 July 2010	40,739	-	2,496	43,235
	<hr/>			
Net book value at 31 July 2009	41,788	-	2,916	44,704
	<hr/>			

Notes to the Financial Statements for the period from 1 August 2009 to 31 July 2010

Tangible Fixed Assets (College Only)

	Land and buildings Freehold	Long leasehold	Equipment	Total
	£'000	£'000	£'000	£'000
Cost or valuation				
At 1 August 2009	54,583	-	13,714	68,297
Additions	47	-	966	1,013
Surplus on revaluation	-	-	-	-
Disposals	-	-	-	-
At 31 July 2010	54,630	-	14,680	69,310
Depreciation				
At 1 August 2009	12,795	-	10,813	23,608
Charge for the year	1,096	-	1,411	2,507
Revaluation	-	-	-	-
Elimination in respect of disposals	-	-	-	-
At 31 July 2010	13,891	-	12,224	26,115
Net book value at 31 July 2010	40,739	-	2,456	43,195
Net book value at 31 July 2009	41,788	-	2,901	44,689

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

Land and buildings inherited from the Local Education Authority (Haringey) were valued in 1992 at depreciated replacement cost by a firm of independent chartered surveyors. Inherited assets (Enfield) were valued at incorporation and have not been revalued since that time. The inherited value of these assets was £11,128k.

Land and buildings with a net book value of £4,775k have been financed by exchequer funds. Should these assets be sold, the College may be liable, under the terms of the Financial Memorandum with the Council, to surrender the proceeds.

The net book value of tangible fixed assets includes an amount of £5,889k (2009: £6,045k) in respect of assets held under lease and leaseback scheme. The depreciation charge on these assets for the year was £156k (2009: £156k).

Notes to the Financial Statements for the period from 1 August 2009 to 31 July 2010

13. Investments

	Group 2010 £'000	Group 2009 £'000
Investments in Joint Venture	175	43
Total	<u>175</u>	<u>43</u>

The College has prepared consolidated financial statements using the acquisitions basis of accounting. The subsidiaries that have been consolidated are Keeping It Simple Training Limited and Conel Innovation Services Limited, both of which are incorporated in England and Wales.

Keeping it Simple Training Ltd

	£000
Cost	
At 1 August 2009	1,050
Revaluation	<u>(316)</u>
	<u>734</u>
Depreciation	
At 1 August 2009	140
Charge for year	<u>594</u>
	<u>734</u>
Net Book Value	
31 July 2010	<u>-</u>
31 July 2009	<u>910</u>

Conel Innovation Services Ltd

Conel Innovation Services Ltd was incorporated as a subsidiary of the College and its share capital of £2 purchased at par.

Joint ventures

The College holds 51% of the ordinary share capital of Construction Training London Limited; 50% of Apprenticeships First Limited and 50% of Tottenham Green Enterprise Centre Limited, all of which have been accounted for as joint ventures and are incorporated in England and Wales. Construction Training London Limited principal activity is the provision of training for the construction industry. Apprenticeships First Limited has a year ended 31 July 2010 and this was its first period of trading. Its principal activity is an employment business for providing employment for apprentices. Tottenham Green Enterprise Centre Limited's principal business is the provision of facilities for start up businesses.

14. Endowment Assets

There are no endowment assets for the financial year 2009-2010.

Notes to the Financial Statements for the period from 1 August 2009 to 31 July 2010

15. Debtors

	Group 2010 £'000	College 2010 £'000	Group 2009 £'000	College 2009 £'000
Amounts falling due within one year:				
Trade debtors	1,110	929	2,023	910
Amounts owed by group undertakings:				
Subsidiary undertakings	-	575	-	369
Other debtors	40	40	378	1,937
Prepayments and accrued income	818	382	1,035	344
Amounts owed by the SFA	-	-	106	106
Total	<u>1,968</u>	<u>1,926</u>	<u>3,542</u>	<u>3,666</u>

Note the above trade debtors balances have been netted off by a total bad debt provision of £964k (£769k 08/09).

16. Creditors: Amounts Falling Due Within One Year

	Group 2010 £'000	College 2010 £'000	Group 2009 £'000	College 2009 £'000
Bank loans	48	48	65	65
Payments received in advance	960	960	945	945
Trade creditors	631	722	833	789
Other Creditors	1,011	804	666	652
Accruals	6,265	6,240	7,113	5,730
Amounts owed to the SFA	-	-	-	-
Amounts owed to the other funding bodies	970	970	367	367
Total	<u>9,885</u>	<u>9,744</u>	<u>9,989</u>	<u>8,548</u>

Notes to the Financial Statements for the period from 1 August 2009 to 31 July 2010

17. Creditors: Amounts Falling Due more than One Year

	Group 2010 £'000	College 2010 £'000	Group 2009 £'000	College 2009 £'000
Bank loans	1,147	1,147	1,653	1,653
HM Revenue & Customs	1,536	1,536	1,709	1,676
Total	<u>2,683</u>	<u>2,683</u>	<u>3,362</u>	<u>3,329</u>

This represents the amount due to HM Revenue and Customs in respect of the VAT payable on building enhancements and deferred payments to acquire investments.

18. Borrowings

	Group 2010 £'000	College 2010 £'000	Group 2009 £'000	College 2009 £'000
Bank loans are repayable as follows:				
In one year or less	48	48	65	65
Between one and two years	51	51	50	50
Between two and five years	178	178	169	169
In five years or more	918	918	1,434	1,434
	<u>1,195</u>	<u>1,195</u>	<u>1,718</u>	<u>1,718</u>

Bank loans at rates 6.16% to 6.25% are repayable by instalments falling due between 15 December 2003 and 15 July 2025 totalling £2,000,000 are secured on the freehold land and building of the College.

Notes to the Financial Statements for the period from 1 August 2009 to 31 July 2010

19. Provisions for Liabilities and Charges

	Restructuring	Group and College		Total
	£'000	Enhanced pensions	Other	£'000
	£'000	£'000	£'000	£'000
At 1 August 2009	-	1,377	-	1,377
Expenditure in the period	-	(90)	-	(90)
Transferred from income and expenditure account	-	(33)	-	(33)
At 31 July 2010	-	1,254	-	1,254

The enhanced pension provision relates to the cost of staff who have already left the College's employ and commitments for reorganisation costs from which the College cannot reasonably withdraw at the balance sheet date. This provision has been recalculated in accordance with guidance issued by the LSC and its successor organisations.

20. Deferred Capital Grants

	Group and College		Total
	LSC grants	Other grants	£'000
	£'000	£'000	£'000
At 1 August 2009			
Land and buildings	6,331	44	6,375
Equipment	344	183	527
Cash received			
Land and buildings	-	-	-
Equipment	-	-	-
Released to income and expenditure account			
Land and buildings	166	-	166
Equipment	65	51	116
Total			
Land and buildings	6,165	44	6,209
Equipment	279	132	411
	6,444	176	6,620

Notes to the Financial Statements for the period from 1 August 2009 to 31 July 2010

21. Endowments

There are no endowments for the year 2009-2010.

22. Revaluation Reserve

	Group 2010 £'000	College 2010 £'000	Group 2009 £'000	College 2009 £'000
At 1 August	14,116	14,116	14,518	14,518
Revaluations in the period (as per note 12)	-	-	-	-
Transfer from revaluation reserve to general reserve in respect of:				
Disposals	-	-	-	-
Depreciation on revalued assets	(402)	(402)	(402)	(402)
At 31 July	<u>13,714</u>	<u>13,714</u>	<u>14,116</u>	<u>14,116</u>

23. Movement on Reserves

	Group 2010 £'000	College 2010 £'000	Group 2009 £'000	College 2009 £'000
Income and expenditure account reserve				
At 1 August	27,231	27,555	26,203	26,204
Surplus retained for the year	2,473	1,590	280	603
Transfer from revaluation reserve	402	402	402	402
Actuarial loss in respect of pension scheme	(781)	(781)	(5,919)	(5,919)
FRS 17 Movements	(449)	(449)	6,265	6,265
Merger costs written off to reserves	(1,998)	(1,998)	-	-
At 31 July	<u>26,878</u>	<u>26,319</u>	<u>27,231</u>	<u>27,555</u>
Balance represented by:				
Pension reserve	(14,689)	(14,689)	(15,138)	(15,138)
Income and expenditure account reserve excluding pension reserve	26,878	26,319	27,231	27,555
At 31 July	<u>12,189</u>	<u>11,630</u>	<u>12,093</u>	<u>12,417</u>

Notes to the Financial Statements for the period from 1 August 2009 to 31 July 2010

24. Reconciliation of Consolidated Operating Deficit to Net Cash Inflow from Operating Activities

	2010	2009
	£'000	£'000
Surplus on continuing operations after depreciation of assets at valuation	2,473	280
Depreciation and amortisation adjustment (notes 1, 12 and 13)	3,430	2,611
Deferred capital grants released to income (note 20)	(282)	(286)
Interest payable (note 9)	762	651
Interest receivable (note 5)	(180)	(388)
FRS 17 pension cost less contributions payable (notes 6 and 32)	(1,884)	(116)
(Increase)/decrease in stocks	33	(2)
(Increase)/decrease in debtors	1,573	(273)
Increase/(decrease) in creditors	(260)	2,786
Increase/(decrease) in provisions	(123)	53
Non cash movement in Investments	(132)	(1,043)
Merger costs written off	(1,998)	-
Net cash inflow from operating activities	<u>3,412</u>	<u>4,273</u>

25. Returns on Investments and Servicing of Finance

	2010	2009
	£'000	£'000
Other interest received	180	388
Interest paid	(108)	(109)
Net cash inflow from returns on investment and servicing of finance	<u>72</u>	<u>279</u>

26. Capital Expenditure and Financial Investment

	2010	2009
	£'000	£'000
Purchase of tangible fixed assets	(1,051)	(1,698)
Payments to acquire Investments	-	(59)
Deferred capital grants received	-	50
Net cash outflow from capital expenditure and financial investment	<u>(1,051)</u>	<u>(1,707)</u>

Notes to the Financial Statements for the period from 1 August 2009 to 31 July 2010

27. Management of Liquid Resources

	2010 £'000	2009 £'000
Withdrawals from deposits	(10,151)	(4,000)
Placing of deposits	10,000	4,458
Net cash (outflow)/inflow from management of liquid resources	(151)	458

28. Financing

	2010 £'000	2009 £'000
Debt due beyond a year:		
New unsecured loans	-	-
Repayment of amounts borrowed	(523)	(61)
Capital element of finance lease rental payments	-	-
Net cash inflow/(outflow) from financing	(523)	(61)

29. Analysis of Changes in Net Funds

	At 1 August 2009 £'000	Cash flows £'000	Other changes £'000	At 31 July 2010 £'000
Cash in hand, and at bank	3,595	2,061	-	5,656
Debt due within 1 year	(65)	17	-	(48)
Debt due after 1 year	(1,653)	506	-	(1,147)
Current asset investments	10,151	(151)	-	10,000
Total	12,028	2,433	-	14,461

30. Cash flow relating to exceptional items

There were no cash flow relating exceptional items.

Notes to the Financial Statements for the period from 1 August 2009 to 31 July 2010

31. Major non-cash transactions

There were no major non-cash transactions.

32. Pensions 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 London Borough of Haringey. Both are defined-benefit schemes.

Total pension cost for the year	2009/10	2008/09
	£'000	£'000
Teachers Pension Scheme: contributions paid	1,527	1,064
Local Government Pension Scheme:		
Contributions paid	1,103	806
FRS 17 charge	<u>(1,884)</u>	<u>(171)</u>
Charge to the Income and Expenditure Account (staff costs)	(781)	635
Enhanced pension charge to Income and Expenditure Account (staff costs)	90	79
	<hr/>	<hr/>
Total Pension Cost for Year	<u>836</u>	<u>1,778</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 2007. There were no outstanding or prepaid contributions at either the beginning or the end of the financial year. Contributions amounting to £296,000 (2009 £224,000) were payable to the scheme at 31st July and are included within creditors.

Teachers' Superannuation 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.

Notes to the Financial Statements for the period from 1 August 2009 to 31 July 2010

Pensions and similar obligations (continued)

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-Mar-06
Actuarial method	Prospective benefits
Investment returns per annum	7.0 per cent per annum
Salary scale increases per annum	5.0 per cent per annum
Notional value of assets at date of last valuation	£102,010 million
Proportion of members' accrued benefits covered by the notional value of the assets	100.00%

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 2007 to 31 July 2010 the employer contribution was 14.1 per cent. The employee rate was 6.4% for the same period. An appropriate provision in respect of unfunded pensioners' benefits is included in provisions.

FRS 17

Under the definitions set out in Financial Reporting Standard (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.

Notes to the Financial Statements for the period from 1 August 2009 to 31 July 2010

Pensions and similar obligations (continued)

London Borough of Haringey Superannuation 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 2010 was £1,475,000, of which employer's contributions totalled £1,103,000 and employees' contributions totalled £372,000. The agreed contribution rates for future years are 19.9 per cent for employers and for employees will be based on their salary bands.

FRS 17

Principal Actuarial Assumptions	At 31 July 2010	At 31 July 2009
Rate of increase in salaries	4.90%	5.20%
Rate of increase for pensions in payment / inflation	2.90%	3.70%
Discount rate for scheme liabilities	5.40%	6.00%
Commutation of pensions to lump sums	50%	50%

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 2010	At 31 July 2009
<i>Retiring today</i>		
Males	22.70	19.60
Females	25.60	22.50
<i>Retiring in 20 years</i>		
Males	24.70	20.70
Females	27.80	23.60

Notes to the Financial Statements for the period from 1 August 2009 to 31 July 2010

Pensions and similar obligations (continued)

London Borough of Haringey Superannuation Scheme (continued)

The assets and liabilities in the scheme (of which the college's share is estimated to be 1.69%) and the expected rates of return were:

	Long-term rate of return expected at 31 July 2010	Long-term rate of return expected at 31 July 2009
Equities	7.30%	7.30%
Bonds	4.80%	5.30%
Property	5.30%	5.30%
Gilt	0.00%	0.00%
Cash	4.40%	4.30%
Fair value of employer assets	13,181	10,367
Present value of scheme liabilities		
- Funded	(23,167)	(20,952)
- Unfunded	(1,481)	(1,331)
Related deferred tax liability	-	-
	<hr/>	<hr/>
Deficit in the scheme	<u>(11,467)</u>	<u>(11,916)</u>

Analysis of the amount charged to income and expenditure account

	2010 £'000	2009 £'000
Employer service cost (net of employee contributions)	928	602
Past service cost	(1,719)	-
Curtailments & settlements	94	95
Total operating charge	<u>(697)</u>	<u>697</u>

Analysis of net return on pension scheme

Expected return on pension scheme assets	707	766
Interest on pension liabilities	(1,361)	(1,229)
	<hr/>	<hr/>
Pension finance costs	<u>(654)</u>	<u>(463)</u>

Notes to the Financial Statements for the period from 1 August 2009 to 31 July 2010

Pensions and similar obligations (continued)

London Borough of Haringey Superannuation Scheme (continued)

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

	2010 £'000	2009 £'000
Actual return less expected return on pension scheme assets	-	-
Experience gains and losses arising on the scheme liabilities	-	-
Change in financial and demographic assumptions underlying the scheme liabilities	<u>(781)</u>	<u>(4,143)</u>
Actuarial loss recognised in STRGL	<u>(781)</u>	<u>(4,143)</u>

Movement in surplus during year

	2010 £'000	2009 £'000
Deficit in scheme at 1 August	(11,916)	(7,481)
<u>Movement in year:</u>		
Employer service cost (net of employee contributions)	(928)	(602)
Employer contributions	1,187	868
Past service cost	1,719	-
Curtailments & settlements	(94)	(95)
Net interest/return on assets	(654)	(463)
Actuarial gain or loss	<u>(781)</u>	<u>(4,143)</u>
Deficit in scheme at 31 July	(11,467)	(11,916)
Amount relating to Enfield College following merger	<u>(3,222)</u>	<u>(3,222)</u>
Deficit in scheme at 31 July	<u>(14,689)</u>	<u>(15,138)</u>

Notes to the Financial Statements for the period from 1 August 2009 to 31 July 2010

Pensions and similar obligations (continued)

London Borough of Haringey Superannuation Scheme (continued)

Asset and Liability Reconciliation

	2010	2009
	£'000	£'000
Reconciliation of Liabilities		
Liabilities at start of period	22,283	18,089
Service cost	928	602
Interest cost	1,361	1,229
Employee contributions	368	288
Experience gains and losses on scheme liabilities		
Actuarial loss	1,857	2,453
Estimated Benefits paid	(433)	(397)
Estimated Unfunded Benefits paid	(91)	(76)
Past Service cost	(1,719)	-
Curtailments and settlements	94	95
	<hr/>	<hr/>
Liabilities at end of period	<u>24,648</u>	<u>22,283</u>
Reconciliation of Assets		
Assets at start of period	10,367	10,608
Expected return on assets	707	766
Actuarial gain/(loss)	1,076	(1,690)
Employer contributions	1,096	792
Contributions in respect of Unfunded Benefits	91	76
Employee contributions	368	288
Estimated Benefits paid	(433)	(397)
Estimated Unfunded Benefits paid	(91)	(76)
	<hr/>	<hr/>
Assets at end of period	<u>13,181</u>	<u>10,367</u>

Notes to the Financial Statements for the period from 1 August 2009 to 31 July 2010

Pensions and similar obligations (continued)

The estimated value of employer contributions for the year ended 31st July 2011 is £1,100,000.

London Borough of Haringey Superannuation Scheme (continued)

History of experience gains and losses

	2010	2009	2008	2007
Experience gains and losses on scheme liabilities:				
Amount £'000	(125)	(25)	(231)	12
Total amount recognised in STRGL:				
Amount £'000	(781)	(4,143)	(1,574)	1,781

The Enfield College pension transfer has not been agreed. The actuaries were therefore unable to make any adjustment in their final report. The pension liability is £3,222k as per the 2008-09 audited accounts. Consequently there may be a contingent liability arising from the fund transfer. Given the current movement in the sector this may well be a net asset.

33. Post-balance sheet events

There are no post-balance sheet events.

34. Capital Commitments

	Group and College	
	2010	2009
	£'000	£'000
Commitments contracted for at 31 July	2,200	331
Authorised but not contracted at 31 July	0	0

Notes to the Financial Statements for the period from 1 August 2009 to 31 July 2010

35. Financial Commitments

There are no financial commitments.

36. Contingent liability

There are no material contingent liabilities.

37. Related Party Transactions

Due 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 organisations in which a member of the board of governors may have an interest are conducted at arm's length and in accordance with the College's financial regulations and normal procurement procedures. No transactions were identified which should be disclosed under FRS 8 - Related Party Disclosures.

38. Amounts disbursed as agent

Learner Support Funds

	2010	2009
	£'000	£'000
Funding body grants – hardship funds	516	789
Funding body grants – childcare	514	575
Funding body grants – residential bursaries	-	-
Other Funding bodies grants	-	-
Interest earned	-	-
	<u>1,030</u>	<u>1,364</u>
Disbursed to students	955	1,268
Staffing	-	-
Administration costs	51	68
Audit fees	-	-
Amount consolidated in financial statements	-	-
	<u>1,006</u>	<u>1,336</u>
Balance unspent as at 31 July, included in creditors	<u>24</u>	<u>28</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.

Independent Auditors' Report on Regularity to the Corporation of College of Haringey, Enfield and North East London ('the Corporation') and the Skills Funding Agency ('the 'SFA')

In accordance with the terms of our engagement letter dated 16 June 2010 and further to the requirements of the SFA, we have carried out a review to obtain assurance about whether, in all material respects, the expenditure disbursed and income received of The College of Haringey, Enfield and North East London ('the College') during the year ended 31 July 2010 have been applied to the purposes identified by Parliament and the financial transactions conform to the authorities which govern them.

This report is made solely to the Corporation and the SFA. Our review work has been undertaken so that we might state to the Corporation and the SFA those matters we are required to state to it in a report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Corporation and the SFA, for our review work, for this report, or for the opinion we have formed.

Respective responsibilities of the Members of the Corporation of The College of Haringey, Enfield and North East London 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 is applied for the purposes intended by Parliament and the financial transactions conform to the authorities which govern them.

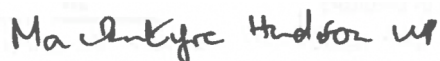
Our responsibilities for this review are established in the United Kingdom by our profession's ethical guidance and the audit guidance set out in the Audit Code of Practice and the Regularity Audit Framework issued by the SFA. We report to you whether, in our opinion, in all material respects, expenditure disbursed and income received during the year ended 31 July 2010 have been applied to purposes intended by Parliament and the financial transactions conform to the authorities which govern them.

Basis of opinion

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

Opinion

In our opinion, in all material respects the expenditure and income for the year ended 31 July 2010 has been applied to purposes intended by Parliament and the financial transactions conform to the authorities, which govern them.



MacIntyre Hudson LLP - Chartered Accountants

Date: 13 December 2010