

Annual Report & Financial Statement

For the year ended
31 July 2010



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Operating and Financial Review

NATURE, OBJECTIVES AND STRATEGIES:

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

Legal status

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

Mission

The College's mission statement is as follows:

"To meet the educational and training needs of our communities by being an excellent provider where all learners are empowered to realise their aspirations and achieve their goals."

Implementation of strategic plan

In June 2008 the College adopted 'Embracing our Future', which sets out the College's Development Plan 2008-2012.

The four College goals and supporting objectives as laid out in the Development Plan are:

Excellence

Become a College recognised as being outstanding

- The College headline success rate to rise annually to exceed the national average by 10% by 2015
- To ensure that the percentage of grade 1 teaching observations is at or above the national average by 2012/13
- All departments to improve their SAR grading on an annual basis and/or maintain a grade 1 status
- All support departments to achieve external recognition of their excellence on an on-going basis.

Relevance

Design and deliver a curriculum that responds to the skills needs of our economy, the demands of our local population and promotes social cohesion.

- Ensure that all vocational teachers have relevant industry experience/exposure within the previous two years by 2014
- Ensure that the percentage of respondents to the learner destinations survey who confirm that their experience at GCC impacted very positively on their economic well being improves year on year
- Organise at least one event a year that involves students and staff in progressing the Olympic and Paralympics values of Respect, Excellence and Friendship

Operating and Financial Review (continued)

- Annually survey our employers and partners to ensure that relationships are fit for purpose from their perspective
- Annually refresh our employer strategy to ensure we are meeting local, regional and national demand
- Annually refresh our international strategy to ensure that we are preparing our students to operate in a global economy.

Financial Health

Maintain our excellent financial health through robust controls in order to achieve best value for our learners.

- We annually collect a minimum of 90% of all fees due
- All delivery including full cost and HE will follow the College costing and pricing process and deliver an overall target contribution rate of 40%
- We increase our overall income diversification target annually by a minimum of 5% year on year
- The Procurement and Efficiency Improvement Group will annually reduce costs/improve efficiency by 3%.

Organisational Climate

Continually improve our organisational climate so that learners and staff are confident and feel empowered to achieve excellence.

- The percentage of respondents to the annual learner survey who would 'very much agree' that they would recommend the College as a place to learn to increase annually by 5%
- The percentage of staff respondents who report positively on GCC as a place to work to reach the average for organisation with constructive cultures by 2012
- To bring together all elements of listening to the 'Learner Voice' and ensure that learners are aware of actions taken to address issues raised by July 2011
- To hold at least two half day development and communications sessions for all staff
- To continue with termly staff briefings by the Principal on significant issues affecting the College.

Financial objectives

The College's financial objectives are to:

- Generate a cash inflow from operating activities
- Achieve a current ratio of at least 1.5:1 by July 2010
- Maintain cash days of 30 or more at all times
- Generate an operating surplus year on year

A series of performance indicators have been agreed to monitor the achievement of these objectives and to maintain the College's satisfactory financial status as assessed by the Learning and Skills Council (LSC).

Operating and Financial Review (continued)

Performance indicators

The “Framework for Excellence” has three dimensions:

- Responsiveness
- Effectiveness
- Finance

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

The College is committed to observing the importance of the measures and indicators within the Framework and is monitoring these through the completion of the annual Finance Record for the Skills Funding Agency/YPLA. The current rating of Good is considered an acceptable outcome.

In 2009/10 the College exceeded its standard learner number targets for 16-18 year old learners and for adult learners and achieved an estimated 1,370 and 1,995 SLNs respectively.

FINANCIAL POSITION

Financial Results

The College generated an operating deficit in the year of £800,000 (2008/09 – surplus of £34,000).

The College has accumulated reserves of £4,665,000 and cash balances of £4,145,000. The College continues to maintain accumulate reserves and cash balances in order to fund its planned property strategy and to assist in addressing lower funding.

Tangible fixed asset additions during the year amounted to £551,000 inclusive of £206,000 of capital accruals brought forward from 2008/09. Fixed asset additions were split between land and buildings acquired of £34,000 and equipment purchased of £517,000.

The College has significant reliance on the LSC/SFA & YPLA for its principal funding source, largely from recurrent grants. In 2009/10 the LSC/SFA & YPLA provided 75% of the College's total income.

The College has a subsidiary company, Woolwich Education Business Limited (WEB). The company was dormant during the period under review.

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 treasury management policy in place.

Cash flows

There was a £312,000 net operating cash outflow (2008/09-£915,000 net operating cash outflow).

Operating and Financial Review (continued)

CURRENT AND FUTURE DEVELOPMENTS AND PERFORMANCE

Student numbers

In 2009/10 the College delivered activity that produced £13,223,000 in funding body main allocation funding (2008/09 - £13,363,000). The College had approximately 9,469 students funded by the funding bodies and 958 non-funded students.

Student achievements

The College is still in the process of entering and collating details on student achievements for 2009/10. It is estimated that overall achievements for examinations taken in the year are likely to be around 75% of their qualification aims. This represents a 1% reduction on 2008/09 (2008/09: 76%).

Curriculum developments

The College has delivered a curriculum which has responded to the key national priorities of Full Level 2 and 3 qualifications, Skills for Life, Higher Education programmes in Further Education Colleges and Employer Responsive programmes such as Train to Gain, Apprenticeships and Full Cost delivery.

In doing so, the curriculum has evolved to meet the needs of its student population and employer demands. In particular, it has recently developed programmes for a wide range of Leisure Industries including training for entry into Leisure and Entertainment Operations, the Gaming Industry and a broad range of Customer and Business Services. It has a strong offer in Health and Social Care, Vocational Science and Technology, and delivers a broad range of Adult and Community Learning programmes.

Whilst developing programmes for emerging markets, it has also maintained a strong and successful academic programme for both young people (GCSE, GCE and Vocational Qualifications) and adults wishing to enter Higher Education (through Access programmes). Most recently, the College has also established a strong Public Services programme at Levels 1 and 2 which is set to lead to a Level 3 programme next year. A significant volume of the curriculum also delivers courses for Literacy, Numeracy and ESOL learners and the College is also involved in training the next generation of teachers.

All of the above are underpinned by a commitment to partnership working.

Staff and student involvement

The College considers good communication with its staff to be very important and to this end publishes a regular newsletter, which is available to all staff. The College encourages staff and student involvement through membership of formal committees. Staff are represented by two staff governors on the Corporation. Each year students are invited to give feedback to the College through enrolment, induction, the Course Representative meetings, the Student Council and learner satisfaction surveys.

Payment performance

The Late Payment of Commercial Debts (Interest) Act 1998, which came into force on 1 November 1998, requires Colleges, in the absence of agreement to the contrary, to make payments to suppliers within 30 days of either the provision of goods or services or the date on which the invoice was received. The target set by the Treasury for payment to suppliers within 30 days is 95 per cent. During the accounting period 1 August 2009 to 31 July 2010, the College paid 92 per cent of its invoices within 30 days. The College incurred no interest charges in respect of late payment for this period.

Operating and Financial Review (continued)

Post-balance sheet events

There have been no post-balance sheet events.

Future Developments

The College is under Demand Led Funding and the allocation for 2010/11 is £13,341,000 (2009/10: £13,223,000).

The College aims to significantly increase contribution by introducing efficiency schemes through a recently formulated Procurement group. The College would like to reduce dependency on SFA/YPLA income and has made a significant investment in a Business Development team; the College is seeking opportunities in the areas it performs well in, such as, Health and Social care and Sports and Leisure courses.

The College plans to review its property strategy with a view to agreeing proposals for the future.

RESOURCES:

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

Tangible resources include the main College site at Plumstead, and a facility at Eltham that opened in January 2008 mainly for sport and leisure provision.

Financial

The College has £7.5 million of net assets (including a £5.5 million pension liability). It has no long term debt.

People

The College employs 322 people (expressed as full time equivalents), of whom 183 are teaching staff.

Reputation

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

Operating and Financial Review (continued)

PRINCIPAL RISKS AND UNCERTAINTIES

A risk register is maintained at the College level which is reviewed each term by the Audit Committee. 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.

Based on the strategic plan, the Risk Management Action Group (RMAG) and the Senior Management Group (SMG) have during the year, reviewed the College's risk register on a regular basis. 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 review will assess their effectiveness and progress against risk mitigation actions. The CEG also considers any risks which may arise as a result of a new area of work being undertaken by the College.

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

1. Government funding

The College has considerable reliance on continued government funding through the LSC/SFA & YPLA. In 2009/10 90% of the College's revenue was ultimately public funded and this level of requirement is expected to continue. There can be no assurance that government policy or practice will remain the same or that public funding will continue at the same levels or on the same terms.

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

- The LSC/SFA & YPLA introduced a new demand led funding system to Further Education Colleges and other providers in respect of adult provision from August 2008. The funding methodology applies a series of factors such as guided learning hours and success rates to calculate an amount of funding to be received for each learner.
- The UK Government is reviewing its priorities for the adult skills sector following the Leitch report into the skills needed for the UK to compete in the global economy.
- The "Machinery of Government" changes which came into force from April 2010 and which saw the LSC/SFA & YPLA dissolved and replaced with successor agencies such as the Young Peoples Learning Agency and the Skills Funding Agency (part of the DBIS).
- The Comprehensive Spending Review.

This risk is mitigated in a number of ways:

- Diversification of the College's income streams 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 YPLA, the SFA and with successor agencies in due course.

Operating and Financial Review (continued)

2. Tuition fee policy

Government policy is that the level of learner contributions to the cost of their learning should increase. The assumption is that fees as a proportion of funding will increase from 42.5% in 2008/09 to 47.5% in 2009/10, and 50% in 2010/11. In line with the majority of other Colleges, Greenwich Community College will seek to increase tuition fees in accordance with the rising fee assumptions. The price elasticity of adult learning is not yet fully understood. The risk for the College is that demand falls off as fees are increased. There is also the risk that not all fees due from students are collected.

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.
- Rigorous monitoring of fees due and debt collection from students.

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. This has reduced in 2009/10.

The Government has announced that it plans to increase future pensions in line with the Consumer Price Index (CPI) rather than the Retail Price Index (RPI). This is a policy change from RPI increases to CPI. However, this change has affected all pension benefits earned to date (and future benefits).

This is viewed by the College as a change in measurement. The College has decided to account for the "past service gain" in the Statement of Recognised Gains & Losses. This is consistent with the treatment made within the sector.

STAKEHOLDER RELATIONSHIPS

In line with other Colleges, Greenwich Community College has many stakeholders.

These include:

- Students;
- Funding bodies;
- Staff;
- Local employers (with specific links);
- Local Authorities;
- Government Offices/ Regional Development Agencies;
- The local community;
- Local schools, other FE institutions and HE institutions;
- Overseas partner Colleges;
- Trade Unions
- Professional Bodies

The College recognises the importance of these relationships and engages in regular communication with them.

Operating and Financial Review (continued)

Equal Opportunities and Equality and Diversity Policy

Greenwich Community College is committed to ensuring equality of opportunity for all who learn and work here. We positively respect and value differences in race, gender, sexual orientation, abilities, religion, class and age. We strive vigorously to remove conditions which place people at a disadvantage and we actively combat bigotry. This policy is resourced, implemented and monitored on a planned basis.

The College has in place the following Equality and Diversity policies which constitute the College Single Equality Scheme: Age Equality, Disability Equality, Gender Equality, Race Equality, Religion or Religious Belief Equality, and Sexual Orientation and Transgender (Gender Identity Equality).

In 2006/07 the College became a member of the Stonewall Diversity Champions Scheme and in September 2008 the College was awarded the 'Disability Two Ticks' symbol in recognition of its commitment to supporting prospective and existing employees as well as staff who become disabled during their employment with the College.

The College considers all applications from disabled persons, bearing in mind the aptitudes of the individuals concerned. Where an existing employee becomes disabled, every effort is made to ensure that employment with the College continues. The College's policy is to provide training, career development and opportunities for promotion which are, as far as possible, identical to those for other employees. An equalities plan is published each year and monitored by managers and governors. The College disability statement is available on the College website.

Disability statement

The College seeks to achieve the objectives set down in the Disability Discrimination Act 1995 as amended by the Special Education Needs and Disability Act 2001 and 2005.

- a) The College continually seeks to improve its accessibility. The Plumstead, Burrage, Charlton Athletic, Haimo and Eltham centre sites are fully accessible and accessibility at the Greenwich Park centre was improved in 2010.
- b) The College has a Head of Supported Learning who provides information, advice and arranges support where necessary for students with disabilities and who monitors the impact of support interventions on their achievement.
- c) Specialist equipment, such as radio aids, evacuation chairs and a range of assistive technology, including a Braille machine, are available for use by students.
- d) The admissions policy for all students is described in the College charter. Appeals against a decision not to offer a place are dealt with under the complaints policy.
- e) The College has made a significant investment in the appointment of specialist lecturers to support students with learning difficulties and/or disabilities. There are a number of student support assistants who provide a variety of support for learning. There is continuing professional development of staff to ensure the provision of a high level of appropriate support for students who have learning difficulties and/or disabilities.
- f) Specialist programmes are described in the College prospectuses and achievements and destinations are recorded and published in the standard College format.
- g) Counselling and welfare services are described in the College Student Handbook, which is issued to students together with the 'Complaints, Compliments and Suggestions and Disciplinary Procedure' leaflets at induction.

Operating and Financial Review (continued)

- h) The College works in partnership with a wide range of specialist partners to support learners with learning difficulties and/or disabilities.

Disclosure of information to auditors

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

Approved by order of the members of the Corporation on 8th December 2010 and signed on its behalf by:

Date



Mr I Smith BA (Hons) FCA
Chair of the Corporation

Name	Position
Mr G. Pine	Principal and Chief Executive
Ms M. Knights	Vice Principal, Planning and Standards
Mr I. Mitton	Vice Principal, Curriculum and Learning Resources
Mr B. Tragheim	Vice Principal, Business Development and Communications (resigned)

Professional advisers

Financial statement and regularity auditors:

Buzzacott LLP
12 New Fetter Lane
London
EC4A 1AG

Bankers:

Barclays Bank Plc
41 Woolwich New Road
London
SE18 6NU

Internal auditors:

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

Solicitors:

Eversheds
Cloth Hall Court
Infirmary Street
Leeds LS1 2JB

Statement of Corporate Governance and Internal Control

The College is committed to exhibiting best practice in all aspects of corporate governance. This summary describes the manner in which the College has applied the principles set out in the revised Combined Code on Corporate Governance issued by the London Stock Exchange in July 2006. Its purpose is to help the reader of the accounts understand how the principles have been applied.

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

The Corporation

The members who served on the Corporation during the year and up to the date of signature of this report were as listed in Table 2.

Table 2: Members of the Corporation serving on the College Board during 2009/10.

Name	Date of appointment	Term of Office	Date of resignation	Status of appointment	Committees Served
Cllr B Barwick	25.06.2008	2 years		External	Standards
Ms K Bibi	10.12.2008	Until 31.08.09		Student	
Mr A Bickers	9.12.2009	Until 31.08.10		Student	
Mr A Brand	9.12.2009	Until Autumn 2011		Support Staff	Audit
Mr J Choy	Reappointed 14.10.2008	4 years		External	Chair: Audit
Mr R Dougans	25.06.2008	2 years	3.11.2009	External	
Mr A Doyle	Reappointed 31.03.2008	4 years	31.7.2010	External	Chair: Finance & General Purposes Remuneration
Mrs S Elliott	Reappointed 16.12.2006	4 years		External	Chair: Standards Remuneration
Mr B Euden	9.12.2009	Until 31.08.10		Student	
Cllr J Fahy	25.06.2008	2 years	22.2.2010	External	
Mr L Gbadamosi	10.12.2008	Until 31.08.09		Student	
Mrs N Ishmael	Reappointed 01.04.2008	4 years		External	Vice Chair: Corporation Audit Chair: Remuneration
Mr J Killingley	01.01.09	2 years		External	Audit
Mr R McMenemy	Reappointed 14.10.2008	4 years		External	Finance & General Purposes Standards
Mr S Miah	19.03.2010	4 years		External	

Statement of Corporate Governance and Internal Control (continued)

Name	Date of appointment	Term of Office	Date of resignation	Status of appointment	Committees Served
Mr A Odedra	01.04.09	Until Autumn 2010		Academic Staff	Standards
Mr G Pine	Ex-officio			Principal	Finance & General Purposes Search
Mr I Smith	Reappointed 01.04.2008	4 years		External	Chair: Corporation Chair: Search Finance and General Purposes Remuneration
Mr S Steptoe	27.03.07	Until autumn 2009		Support Staff	Audit

Mr A Lightbown was the clerk to the corporation and has left since the year end. Mr D Johnson was appointed clerk of Corporation from 1st October 2010.

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

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

The Corporation conducts its business through a number of committees. Each committee has terms of reference, which have been approved by the Corporation. These committees are Finance and General Purposes, Remuneration, Search, Audit, Standards, Staff Disciplinary, Staff Appeals and Student Disciplinary Appeals. Full minutes of all meetings, except those deemed to be confidential by the Corporation, are available on the College website www.gcc.ac.uk or from the Clerk to the Corporation at:

Greenwich Community College
95 Plumstead Road
London
SE18 7DQ

The Clerk to the Corporation maintains a register of financial and personal interests of the members of the Corporation. The register is available for inspection at the above address.

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

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

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

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

Statement of Corporate Governance and Internal Control (continued)

Appointments to the Corporation

Any new appointments to the Corporation are a matter for the consideration of the Corporation as a whole. The Corporation has a search committee, consisting of two members of the Corporation, which is responsible for advising the Corporation on the appointment of members as required. 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 four members of the Corporation. The committee's responsibilities are to make recommendations to the Board on the remuneration and benefits of the Principal and other senior post-holders, if any.

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

The audit committee meets on a termly basis and provides a forum for reporting by the College's internal, regularity and financial statements auditors, who have access to the committee for independent discussion, without the presence of College management. The committee also receives and considers reports from the LSC, the SFA and the YPLA as they affect the College's business.

The College's internal auditors monitor the systems of internal control, risk management controls and governance processes in accordance with an agreed plan of input and report their findings to management and the audit committee.

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

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

Internal Control

Scope of responsibility

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

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

Statement of Corporate Governance and Internal Control (continued)

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 Greenwich Community College 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 ended 31 July 2010 and up to the date of approval of the annual report and accounts. This process is regularly reviewed by the Corporation.

The risk and control framework

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

- comprehensive budgeting systems with an annual budget, which is reviewed and agreed by the Corporation
- regular reviews by the Corporation of periodic and annual financial reports which indicate financial performance against forecasts
- setting targets to measure financial and other performance
- clearly defined capital investment control guidelines
- the adoption of formal project management disciplines, where appropriate.

Greenwich Community 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 Corporation with a report on internal audit activity in the College. The report includes the HIA's independent opinion on the adequacy and effectiveness of the College's system of risk management, controls and governance processes.

Statement of Corporate Governance and Internal Control (continued)

Review of effectiveness

As Accounting Officer, the Principal has responsibility for reviewing the effectiveness of the system of internal control. His review of the effectiveness of the system of internal control is informed by:

- the work of the internal auditors
- the work of the executive managers within the College who have responsibility for the development and maintenance of the internal control framework
- comments made by the College's financial statement and regularity auditors in their management letters and other reports.

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

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

Signed Iain D. Smith

Date 8 DECEMBER 2010

Chair **Iain D. Smith**

Signed Geoff Pine

Date 8/12/10

Principal **Geoff Pine**

Statement of Responsibilities of the Members of the Corporation

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

Within the terms and conditions of the Financial Memorandum agreed between the SFA/YPLA and the Corporation of the College, the Corporation, through its Principal, is required to prepare financial statements for each financial year in accordance with the *Statement of Recommended Practice – Accounting for Further and Higher Education* with the Accounts Direction issued jointly by the Skills Funding Agency and the Young Peoples Learning Agency, and which give a true and fair view of the state of affairs of the College and the result for that year.

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

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

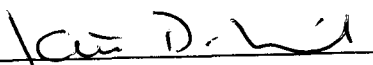
The Corporation is also required to prepare a Members' Report which describes what it is trying to do and how it is going about it, including the legal and administrative status of the College.

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

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

Approved by order of the members of the Corporation on 8th December 2010 and signed on its behalf by:

Signed



Date

8 DECEMBER 2010

Chair: Iain D. Smith

Independent Auditors' Report to the Corporation of Greenwich Community College

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

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

Respective Responsibilities of the Members of the Corporation of Greenwich Community College and Auditors

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

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

We report to you our opinion as to whether the financial statements give a true and fair view and are properly prepared in accordance with the 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

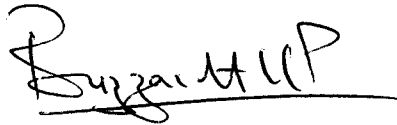
We conducted our audit in accordance with International Standards on Auditing (UK and Ireland) issued by the Auditing Practices Board and the Audit Code of Practice issued by the Learning and Skills Council. An audit includes examination, on a test basis, of evidence relevant to amounts and disclosures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

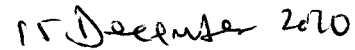
Independent Auditors' Report to the Corporation of Greenwich Community College

Opinion

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



Buzzacott LLP
Chartered Accountants
Registered Auditors
12 New Fetter Lane
London
EC4A 1AG



Date

Independent Auditors' Report on Regularity to the Corporation of Greenwich Community College ('the Corporation') and the Funding Body

In accordance with the terms of our engagement letter dated 21st May 2009 and further to the requirements of the Skills Funding Agency/Young Persons Learning Agency, we have carried out a review to obtain assurances about whether, in all material respects, the expenditure and income of Greenwich Community College ('the College') for the year ended 31 July 2010 have been applied to the purposes identified by Parliament and the financial transactions conform to the authorities which govern them.

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

Respective responsibilities of the Members of the Corporation of Greenwich Community College and Auditors

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

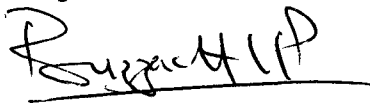
Our responsibilities for this review are established in the United Kingdom by our profession's ethical guidance and the audit guidance set out in the Audit Code of Practice and the Regularity Audit Framework issued by the Skills Funding Agency/Young People's Learning Agency. We report to you whether,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

Basis of opinion

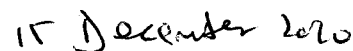
We conducted our review in accordance with the Audit Code of Practice and the Regularity Audit Framework issued by the Skills Funding Agency/Young People's Learning Agency. Our review includes examination, on a test basis, of evidence relevant to the regularity and propriety of the College's income and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

Opinion

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



Buzzacott LLP
Chartered Accountants
Registered Auditors
12 New Fetter Lane
London
EC4A 1AG



Date

Income and Expenditure Account For the year ended 31 July 2010

	Notes	2010 £'000	2009 £'000 Restated
Income			
Funding body income	2	14,027	14,439
Tuition fees and education contracts	3	3,611	3,459
Other income	4	364	483
Investment income	5	31	191
Total income		18,033	18,572
Expenditure			
Staff costs	6	13,407	13,300
Other operating expenses	8	4,193	4,075
Depreciation	12	982	1,036
Interest payable and other finance costs	9	251	129
Total Expenditure		18,833	18,540
(Deficit)/Surplus for the year retained within General Reserve	11	(800)	34

Statement of Historical Cost (Deficit)/Surplus For the year ended 31 July 2010

	Notes	2010 £'000	2009 £'000
(Deficit)/Surplus on continuing operations before taxation		(800)	34
Difference between historical cost depreciation and the actual charge for the year calculated on the revalued amount	17	87	87
Historical cost surplus for the year after taxation		<u>(713)</u>	<u>121</u>

Statement of Total Recognised Gains and Losses

	Notes	2010 £'000	2009 £'000
(Deficit)/Surplus on continuing operations after depreciation of assets at valuation, disposal of assets and tax		(800)	34
Actuarial loss in respect of pension scheme	25	(407)	(2,881)
Past Service Gain	25	814	-
Total recognised loss relating to the period		<u>(393)</u>	<u>(2,847)</u>

Reconciliation

Opening reserves		5,058	7,905
Total recognised loss for the year		<u>(393)</u>	<u>(2,847)</u>
Closing Reserves		<u>4,665</u>	<u>5,058</u>

Balance sheets as at 31 July

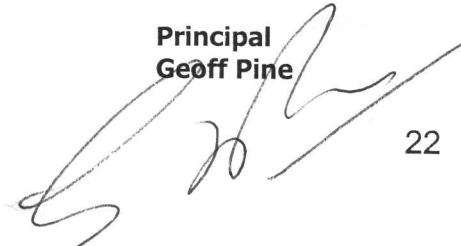
	Notes	2010 £'000	2009 £'000
Fixed assets			
Tangible assets	12	10,839	11,270
Total fixed assets		10,839	11,270
Current assets			
Stocks		35	16
Debtors	13	624	887
Investments – short term		4,129	4,389
Cash at bank and in hand		16	583
Total current assets		4,804	5,875
Less: Creditors – amounts falling due within one year	14	(2,127)	(3,099)
Net current assets		2,677	2,776
Total assets less current liabilities		13,516	14,046
Less: Provisions for liabilities and Charges	15	(557)	(312)
Net assets excluding pension liability		12,959	13,734
Net pension liability	25	(5,460)	(5,614)
NET ASSETS INCLUDING PENSION LIABILITY		7,499	8,120
Deferred capital grants	16	2,834	3,062
Income and expenditure account excluding pension Reserve	18	3,754	4,214
Pension reserve	25	(5,460)	(5,614)
Income and expenditure account including pension reserve	18	(1,706)	(1,400)
Revaluation reserve	17	2,069	2,156
Designated reserves	19	4,302	4,302
Total reserves		4,665	5,058
TOTAL		7,499	8,120

The financial statements on pages 20 to 44 were approved by the Corporation on 8th December 2010 and were signed on its behalf on that date by:

Chair
Iain D. Smith



Principal
Geoff Pine



Cash Flow Statement
For the year ended 31 July 2010

	Notes	2010	2009
		£'000	£'000
Cash outflow from operating activities			
	20	(312)	(915)
Returns on investments and servicing of finance	21	31	191
Capital expenditure and financial investment	22	(545)	(977)
Management of liquid resources	23	260	2,375
		<u>(566)</u>	<u>674</u>
(Decrease)/Increase in net cash in the year			
 Reconciliation of net cash flow to movement in net funds			
(Decrease)/Increase in cash in the period		(566)	674
Cash (outflow) from liquid resources	23	(260)	(2,375)
		<u>(826)</u>	<u>(1,701)</u>
Movement in net funds in the period			
Net funds at 1 August		4,970	6,671
		<u>4,144</u>	<u>4,970</u>
Net funds at 31 July	24		

In this statement, figures in brackets refer to cash outflows and all other figures are cash inflows to the College.

Notes to the Financial Statements

1. Accounting policies

Statement of accounting policies

The following accounting policies have been applied consistently in dealing with items which are considered material in relation to the financial statements.

Basis of preparation

These financial statements have been prepared in accordance with the *Statement of Recommended Practice: Accounting for Further and Higher Education 2007* (the SORP) and in accordance with applicable Accounting Standards. They conform to guidance published by the funding body in the Accounts Direction Handbook.

Basis of accounting

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

Basis of consolidation

The financial statement includes the activities of the College. In accordance with Financial Reporting Standard (FRS) 2, the activities of the student union have not been consolidated because the College does not control those activities. The financial statement is made up to 31 July 2010.

Recognition of income

The recurrent grant from HEFCE represents the funding allocation 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 LSC/SFA adult learner responsive funding element is normally adjusted for in year 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 funding is receivable based on latest ILR returns in respect of the current financial year, but subject to consideration of the College's performance relative to maximum contract values. 16-18 learner-responsive funding is not normally subject to reconciliation and is therefore not subject to contract adjustments.

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

Income from tuition fees is recognised in the period for which it is received and includes all fees payable by students or their sponsors.

Income from grants, contracts and other services rendered is included to the extent 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.

Notes to the Financial Statements (continued)

1. Accounting policies (continued)

Post retirement benefits

Retirement benefits to employees of the College are provided by the Teachers' Pension Scheme (TPS) and the Local Government Pension Scheme (LGPS). These are defined benefit schemes, which are externally funded and contracted out of the State Earnings-Related Pension Scheme (SERPS).

Contributions to the schemes are charged to the income and expenditure account, and calculated so as to spread the cost of pensions over employees' working lives with the College in such a way that the pension cost is a substantially level percentage of current and future pensionable payroll. The contributions are determined by qualified actuaries on the basis of triennial valuations using the projected unit method for the LGPS and quinquennial valuations using a prospective benefit method for the TPS. As stated in Note 25, the TPS is a multi employer scheme and the College is unable to identify its share of the underlying assets and liabilities of the scheme on a consistent and reasonable basis. The TPS is therefore treated as a defined contribution scheme and the contributions recognised as they are paid each year.

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

Enhanced Pensions

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

Tangible fixed assets

Land and buildings

Land and buildings inherited from the Local Education Authority are stated in the balance sheet at valuation on the basis of depreciated replacement cost as the open market value for existing use is not readily obtainable. The associated credit is included in the revaluation reserve. The difference between depreciation charged on the historic costs of assets and the actual charge for the year calculated on the revalued amount is released to the income and expenditure account on an annual basis.

Building improvements made 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 20 and 50 years. The College has a policy of depreciating major adaptations to buildings over the period of their useful economic life of between 20 and 50 years. Leasehold premises are depreciated over 10 years.

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

Notes to the Financial Statements (continued)

1. Accounting policies (continued)

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

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

On adoption of FRS 15, the College followed the transitional provision to retain the book value of land in the future. These values are retained subject to the requirement to test assets for impairment in accordance with FRS 11.

Equipment

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

Inherited equipment has been depreciated on a straight-line basis over its remaining useful economic life to the College of between one and three years from incorporation and is now fully depreciated. All other equipment is depreciated over its useful economic life as follows:

- Plant – 6.7% per year
- Machinery – 12.5% per year
- General equipment – 20% per year
- Motor vehicles – 25% per year
- Computer equipment – 25% per year
- Equipment acquired for specific research or other projects – project life

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

Leased assets

Costs in respect of operating leases are charged on a straight-line basis over the lease term.

Leasing agreements which transfer to the College substantially all the benefits and risks of ownership of an asset are treated as if the asset had been purchased outright and are capitalised at their fair value at the inception of the lease and depreciated over the shorter of the lease term or the useful economic lives of equivalently owned assets. The capital element outstanding is shown as obligations under finance leases.

The finance charges are allocated over the period of the lease in proportion to the capital element outstanding. Where finance lease payments are funded in full from funding council capital equipment grants, the associated assets are designated as grant-funded assets.

Stocks

Stocks are stated at the lower of their cost and net realisable value. Where necessary, provision is made for obsolete, slow-moving and defective stocks.

Notes to the Financial Statements (continued)

1. Accounting policies (continued)

Maintenance of premises

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

Foreign currency translation

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

Taxation

The College is an exempt charity within the meaning of Schedule 2 of the Charities Act 1993 as amended by the Charities Act 2006 and as such is a charity within the meaning of section 506(1) of the Income and Corporation Taxes Act 1988 (ICTA 1988). Accordingly, the College is potentially exempt from taxation in respect of income or capital gains received within categories covered by section 505 of ICTA 1988 or section 256 of the Taxation of Chargeable Gains Act 1992, to the extent that such income or gains are applied to exclusively charitable purposes.

The College receives no similar exemption in respect of value added tax and became VAT registered in 2008/09. The College can therefore recover VAT it suffers on goods and services relating to taxable activities.

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

Liquid resources

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

Provisions

Provisions are recognised when the College has a present legal or constructive obligation as a result of a past event. It is probable that a transfer of economic benefit will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation.

Agency arrangements

The College acts as an agent in the collection and payment of Learner Support Funds and Educational Maintenance Allowances. Related payments received from the LSC, SFA and YPLA and subsequent disbursements to students are excluded from the Income and Expenditure account and are shown separately in Note 31, 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 (continued)

2 Funding body income

	2010 £'000	2009 £'000
Recurrent grant – LSC/SFA	7,949	13,363
Recurrent grant – LSC/YPLA	5,274	-
Recurrent grant - HEFCE	435	390
Non-Recurrent grant – LSC/SFA	240	537
Release of deferred capital grants (note 16)	129	149
Totals	<u>14,027</u>	<u>14,439</u>

The College is the lead partner in a consortium to deliver Train to Gain in the London region. The income shown above includes that earned by the College in its capacity both as a provider and as the consortium lead. All other income claimed from the LSC and the SFA and payable to consortium partners has been excluded from these accounts. Total income claimed in the year under this arrangement and the related payments to partners was as follows:

	2010 £'000	2009 £'000
Train to Gain income	586	798
Payments to non College partners	<u>(268)</u>	<u>(324)</u>
Net income	<u>318</u>	<u>474</u>

3 Tuition fees and education contracts

	2010 £'000	2009 £'000
Tuition Fees	1,373	1,419
Education Contracts	<u>2,238</u>	<u>2,040</u>
Total	<u>3,611</u>	<u>3,459</u>

4 Other income

	2010 £'000	2009 £'000
Release of deferred capital grants (non-funding council)	105	110
Other income	<u>259</u>	<u>373</u>
Total other income	<u>364</u>	<u>483</u>

Notes to the Financial Statements (continued)

	2010 £'000	2009 £'000
5 Investment Income		
Other interest receivable	31	191
Total	<u>31</u>	<u>191</u>

Notes to the Financial Statements (continued)

6 Staff costs

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

	2010 No.	2009 No.
Teaching staff	183	208
Non-teaching staff	139	158
	<u>322</u>	<u>366</u>

Staff costs for the above persons

	2010 £'000	Restated* 2009 £'000
Wages and salaries	10,722	11,109
Social Security costs	749	809
Other pension costs	1,185	1,207
Restructuring Costs	591	76
Payroll sub total	13,247	13,201
Contracted Out staffing services	160	99
	<u>13,407</u>	<u>13,300</u>

*2009 figures are restated as the note is further analysed to show restructuring costs.

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

	Senior post-holders		Other staff	
	2010 No.	2009 No.	2010 No.	2009 No.
£60,001 to £70,000	-	-	-	2
£70,001 to £80,000	-	-	-	-
£80,001 to £90,000	-	-	2	2
£130,001 to £140,000	1	1	-	-
	<u>1</u>	<u>1</u>	<u>2</u>	<u>4</u>

Notes to the Financial Statements (continued)

7 Senior post-holders' emoluments

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

	2010 No.	2009 No.
The number of senior post-holders including the Principal was:	<u>1</u>	<u>1</u>

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

	2010 £	2009 £
Salaries	119,500	120,260
Benefits in kind	-	5,474
Pension contributions	15,933	16,581
Total emoluments	<u>135,433</u>	<u>142,315</u>

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

	2010 £	2009 £
Salaries	119,500	120,260
Benefits in kind	-	5,474
Total salaries and Benefits in kind	<u>119,500</u>	<u>125,734</u>
Pension contributions	<u>15,933</u>	<u>16,581</u>

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

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

No pay award has been made to any staff in 2009/10.

In accordance with the recommendations of the Corporation's Remuneration Committee, a bonus of £6,500 was paid to the Principal in respect of the achievement of performance targets in 2008/09. In line with other staff the Principal received no general pay award in 2009/10.

Notes to the Financial Statements (continued)

8 Other operating expenses

	2010 £'000	2009 £'000
Teaching Costs	620	679
Non teaching Costs	2,399	2,168
Premises Costs	1,174	1,228
Total	<u>4,193</u>	<u>4,075</u>

(Deficit) for continuing operations is stated after charging the following:

	2010 £'000	2009 £'000
Auditors' remuneration:		
Financial statements audit	25	25
Internal audit	25	22
Other services provided by the financial statements auditors	2	5
(Loss)/Gain on disposal of tangible fixed assets	<u>(1)</u>	<u>2</u>

9 Interest payable

	2010 £'000	2009 £'000
Pension finance costs (note 25)	251	129
Total	<u>251</u>	<u>129</u>

10 Taxation

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

11 (Deficit)/Surplus on continuing operations for the period

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

	2010 £'000	2009 £'000
College's (Deficit)/Surplus for the period	(800)	34
Total	<u>(800)</u>	<u>34</u>

Notes to the Financial Statements (continued)

12 Tangible fixed assets

	Land and buildings		Equipment	Total
	Freehold	Long leasehold		
	£'000	£'000	£'000	£'000
Cost or valuation				
At 1 August 2009	11,553	2,114	3,957	17,624
Additions	11	23	517	551
Disposals	-	-	(655)	(655)
At 31 July 2010	11,564	2,137	3,819	17,520
Depreciation				
At 1 August 2009	3,089	738	2,527	6,354
Charge for the year	269	199	514	982
Elimination in respect of disposals	-	-	(655)	(655)
At 31 July 2010	3,358	937	2,386	6,681
Net book value at 31 July 2010	8,206	1,200	1,433	10,839
At 31 July 2009	8,464	1,376	1,430	11,270
Inherited	2,069	-	-	2,069
Financed by capital grant	2,108	580	146	2,834
Other	4,029	620	1,287	5,936
Net book value at 31 July 2010	8,206	1,200	1,433	10,839

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

Land and buildings were valued in 1996 at depreciated replacement cost by a firm of independent chartered surveyors. Other tangible fixed assets inherited from the LEA at incorporation have been now been written off as they have now been fully depreciated except Land and buildings.

Notes to the Financial Statements (continued)

13 Debtors

	2010 £'000	2009 £'000
Amounts falling due within one year:		
Trade debtors	338	286
Prepayments and accrued income	286	572
Other Debtors	-	29
Total	<u>624</u>	<u>887</u>

14 Creditors: amounts falling due within one year

	2010 £'000	2009 £'000
Bank overdraft	1	2
Payments received in advance	210	475
Trade creditors	480	759
Other taxation and social security	430	501
Accruals and Commitments	1,006	1,362
Total	<u>2,127</u>	<u>3,099</u>

Payments received in advance include specific grants for projects completing in the next academic year.

Notes to the Financial Statements (continued)

15 Provisions for liabilities and charges

	2010 £'000	2009 £'000
At 1st August 2009	312	319
Expenditure in the period	(19)	(25)
Interest on enhanced pension provision	19	19
Actuarial losses	(2)	(1)
Enhanced Pension Provision	310	312
ERDF Provision	97	-
Provision for legal claims and costs	150	-
At 31 July 2010	557	312

The £310,000 provision is for enhanced pension liabilities and relates to the cost of staff who have already left the College's employ. This provision has been calculated in accordance with the LSC Circular 05/02.

The principal assumptions for this calculation are:

	2010	2009
Interest Rate	5.40%	3.74%
Net interest rate	3.00%	2.50%

The ERDF provision is for a potential clawback in relation to 2002. The £150,000 provision is an estimate of potential payments in relation to legal claims.

16 Deferred capital grants

	LSC grants £'000	Other grants £'000	Total 2010 £'000
At 1 August 2009	2,269	793	3,062
Cash received	6	-	6
Released to income and expenditure account	(129)	(105)	(234)
At 31 July 2010	2,146	688	2,834

Notes to the Financial Statements (continued)

17 Revaluation reserve

	2010 £'000	2009 £'000
At 1 August	2,156	2,243
Transfer from revaluation reserve to general reserve in respect of:		
Depreciation on revalued assets	(87)	(87)
At 31 July	<u>2,069</u>	<u>2,156</u>

18 Movement on General Reserves

	2010 £'000	2009 £'000
Income and Expenditure Account Reserve		
At 1 August	(1,400)	1,360
(Deficit)/Surplus retained for the year	(800)	34
Transfer from revaluation reserve		
- Depreciation	87	87
Actuarial loss in respect of pension scheme	(407)	(2,881)
Past Service Gain	814	-
At 31 July	<u>(1,706)</u>	<u>(1,400)</u>
Balance represented by: Pension reserve	(5,460)	(5,614)
Income and Expenditure Reserve excluding pension reserve	3,754	4,214
At 31 July	<u>(1,706)</u>	<u>(1,400)</u>

Notes to the Financial Statements (continued)

19 Designated Reserves

	2010 £'000	2009 £'000
At 1 August		
Planned Maintenance Reserve	2,527	2,527
Capital Reserve	<u>1,775</u>	<u>1,775</u>
At 31 July	<u>4,302</u>	<u>4,302</u>

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

	2010 £'000	2009 £'000
(Deficit)/Surplus on continuing operations after depreciation of assets at valuation	(800)	34
Depreciation (notes 1 and 12)	982	1,036
Deferred capital grants released to income	(234)	(259)
Loss/(Gain) on disposal of tangible fixed assets	1	(2)
FRS 17 Pension cost less contributions payable (note 25)	3	(47)
FRS 17 Pension finance cost	251	129
Enhanced pension adjustment	-	19
Increase in Provision	245	-
(Increase) in stocks	(19)	(5)
Decrease in debtors	263	249
(Decrease) in creditors	(973)	(1,878)
Interest receivable (note 5)	(31)	(191)
Net cash (outflow) from operating activities	<u>(312)</u>	<u>(915)</u>

Notes to the Financial Statements (continued)

21 Returns on investments and servicing of finance

	2010 £'000	2009 £'000
Other interest received	31	191
Net cash inflow from returns on investment and servicing of finance	<u>31</u>	<u>191</u>

22 Capital expenditure and financial investment

	2010 £'000	2009 £'000
Purchase of tangible fixed assets	(551)	(989)
Deferred capital grants received	6	12
Net cash (outflow) from capital expenditure and financial investment	<u>(545)</u>	<u>(977)</u>

23 Management of liquid resources

	2010 £'000	2009 £'000
Withdrawal/Placing of deposits	260	2,375
Net cash inflow from management of liquid resources	<u>260</u>	<u>2,375</u>

24 Analysis of changes in net funds

	At 1 August 2009 £'000	Cash flows £'000	At 31 July 2010 £'000
Cash in hand, and at bank	583	(567)	16
Overdrafts	(2)	1	(1)
	<u>581</u>	<u>(566)</u>	<u>15</u>
Current asset investments	4,389	(260)	4,129
Total	<u>4,970</u>	<u>(826)</u>	<u>4,144</u>

Notes to the Financial Statements (continued)

25 Pension and similar obligations

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

Total pension cost for the year	2010	2009
	£000	£000
Teachers Pension Scheme: contributions paid	686	788
Local Government Pension Scheme:		
Contributions paid	477	447
FRS 17 charge	<u>3</u>	<u>(47)</u>
Charge to the Income and Expenditure Account (staff costs)	480	400
Enhanced pension charge to Income and Expenditure Account (staff costs)	19	19
Total Pension Cost for Year	<u>1,185</u>	<u>1,207</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.

Teachers Pension scheme

The TPS is an unfunded defined benefit scheme. Contributions on a "pay-as-you-go" basis are credited to the Exchequer under arrangements governed by the Superannuation Act 1972. A notional asset value is ascribed to the scheme for the purpose of determining contribution rates.

The pensions cost is assessed every five years in accordance with the advice of the Government Actuary. The assumptions and other data that have the most significant effect on the determination of the contribution levels are as follows:

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

Following the implementation of Teacher's Pension (Employers' Supplementary Contributions) Regulations 2000, the Government Actuary carried out a further review on the level of employer contributions. For the period from 1 August 2009 to 31 July 2010 the employer contribution was 14.1%. The employee rate was 6.4% for the same period. An appropriate provision in respect of unfunded pensioners' benefits is included in provisions.

Notes to the Financial Statements (continued)

25 Pension and similar obligations (continued)

FRS 17

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

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

Local Government Pension Scheme

The LGPS is a funded defined-benefit scheme, with the assets held in separate trustee-administered funds. The total contribution made for the year ended 31 July 2010 was £659,000 of which employer's contributions totalled £477,000 and employees' contributions totalled £182,000. Employees' contributions are on a sliding scale related to salary, with the lowest rate being 5.25% and the highest rate 7.5% and 16.3% for employers.

FRS 17

Principal Actuarial assumptions

	At 31 July 2010	At 31 July 2009
RPI Increases	3.2%	3.6%
CPI Increases	2.7%	-
Salary Increases	4.7%	5.1%
Pension Increases	2.7%	3.6%
Discount Rate	5.4%	6.0%

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
Retiring today/current pensioners		
Males	19.6	19.6
Females	22.5	22.5
Retiring in 20 years/future pensioners		
Males	20.7	20.7
Females	23.6	23.6

Notes to the Financial Statements (continued)

25 Pension and similar obligations (continued)

Local Government Pension scheme (continued)

The assets and liabilities in the scheme attributable to Greenwich Community College and the expected rates of return were:

	Long-term rate of return expected at 31 July 2010	Value at 31 July 2010	Long-term rate of return expected at 31 July 2009	Value at 31 July 2009
		£'000		£'000
Equities	7.3%	7,369	7.5%	6,351
Target Return Portfolio	4.5%	1,281	6.2%	959
Alternative Assets	6.3%	1,602	6.7%	1,368
Cash	3.0%	214	3.0%	633
Other Bonds	5.4%	214		
Total market value of assets		10,680		9,311
Present value of scheme liabilities				
- Funded		(16,126)		(14,909)
- Unfunded		(14)		(16)
Deficit in the scheme		(5,460)		(5,614)

Analysis of the amount charged to income and expenditure account

	2010 £'000	2009 £'000
Employer Service cost (net of employee contributions)	480	400
Total operating charge	<u>480</u>	<u>400</u>

Analysis of pension finance income/(cost)

Expected Return on pension scheme assets	657	703
Interest on pension liabilities	<u>(908)</u>	<u>(832)</u>
Pension Finance (cost)/income	<u>(251)</u>	<u>(129)</u>

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

The total amount recognised in the statement of total recognised gains and losses in respect of actuarial losses is £407,000 and past service gain of £814,000 (2008: £2,881,000 There was no past service gain in 2009). The past service gain this year of £814,000 relates to changes made by the UK Government in using the Consumer Price Index instead of Retail Price Index to determine increases in pensions.

Notes to the Financial Statements (continued)

25 Pension and similar obligations (continued)

Local Government Pension scheme (continued)

	2010	2009
	£'000	£'000
(Deficit) in scheme at 1 August	(5,614)	(2,651)
Movement in year:		
Employer service cost (net of employee contributions)	(480)	(400)
Past service gain	814	-
Employer contributions	477	446
Contributions in respect of unfunded benefits	1	1
Net interest/return on assets	(251)	(129)
Actuarial gain or loss	(407)	(2,881)
	<u>(5,460)</u>	<u>(5,614)</u>

Asset and Liability Reconciliation

	2010	2009
	£'000	£'000
Reconciliation of Liabilities		
Liabilities at start of period	14,925	12,292
Service cost	480	400
Interest cost	908	832
Employee contributions	182	181
Actuarial loss/(gain)	701	1,548
Benefits paid	(241)	(327)
Past Service (gain)	(814)	-
Unfunded pension payments	(1)	(1)
Liabilities at end of period	<u>16,140</u>	<u>14,925</u>
Assets at start of period	9,311	9,641
Expected return on assets	657	703
Actuarial gain/(loss)	294	(1,333)
Employer contributions	477	447
Employee contributions	182	181
Benefits paid	(241)	(328)
Assets at end of period	<u>10,680</u>	<u>9,311</u>

Notes to the Financial Statements (continued)

25 Pension and similar obligations (continued)

Local Government Pension scheme (continued)

History of experience gains and losses

	2010	2009	2008	2007	2006
Difference between the expected and actual return on assets:					
Amount £'000	294	(1,333)	(956)	373	295
percentage of scheme assets	2.8%	(14.3)%	(9.9)%	4.3%	4.0%
Experience gains and losses on scheme liabilities:					
Amount £'000	2	-	(424)	(125)	0
percentage of scheme liabilities	-	-	(3.4)%	(1.2)%	0.0%
Total amount recognised in STRGL:					
Amount £'000	(407)	(2,881)	(1,437)	(1,303)	(124)
percentage of scheme liabilities	(2.5)%	(19.3)%	(11.71)%	(12.2)%	(1.2)%

26 Post-balance sheet events

Details of Post Balance sheet events are given in the report of the members of the Corporation.

27 Capital commitments

	2010 £'000	2009 £'000
Authorised but not contracted for at 31 July 2010	<u>14</u>	<u>829</u>

28 Financial commitments

At 31 July the College had no annual commitments under non-cancellable operating leases (2009: nil).

29 Contingent liability

There are no significant contingent liabilities at 31 July 2010.

Notes to the Financial Statements (continued)

30 Related party transactions

Owing to the nature of the College's operations and the composition of the governing body being drawn from local public and private sector organisations, it is inevitable that transactions will take place with organisations in which a member of the board of governors may have an interest. All transactions involving such organisations are conducted at arm's length and in accordance with the College's financial regulations and normal procurement procedures.

No transaction were identified which should be disclosed under FRS 8 'Related Party disclosures'.

31 Learner support funds

	2010 £'000	2009 £'000
LSC/SFA grants – hardship funds	362	402
LSC/SFA grants – childcare	183	276
Interest earned	1	8
	<hr/> 546	<hr/> 686
Disbursed to students	(513)	(641)
Staffing	(27)	(32)
Balance unspent at 31 July, included in creditors	<hr/> <u>6</u>	<hr/> <u>13</u>

LSC/SFA grants are available solely for students. In the majority of instances, the College only acts as a paying agent. In these circumstances, the grants and related disbursements are therefore excluded from the income and expenditure account. The income and expenditure consolidated in the College's financial statements relates to the purchase of some equipment from the access fund and the payment of accommodation by the College on the student's behalf.