

Report and Financial Statements For The Year Ended 31 July 2008



Greenwich
Community
College



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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 2008.

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.

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 July 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

- Headline success rates to exceed national success rate benchmarks by at least 5% by 2009/10
- Percentage of grade 1 observations to increase to at least 25% by 2009/10
- All departments to achieve at least Grade 2 by 2008/09 and 78% of departments to achieve grade 1 by 2009/10
- All support departments to achieve external recognition of their excellence by 2010

Relevance

- Ensure by 2010/11 that all vocational teachers have relevant industry experience within the previous year
- There will be a positive impact on learners' economic well-being as a result of studying at the College
- The college will progress the Olympic and Paralympic values of Respect, Excellence and Friendship
- The College will ensure that relationships with partners remain fit for purpose.

Financial Health

- The College will collect 95% of fees due
- All full cost delivery will deliver an acceptable contribution rate
- All departments will have targets for income diversification
- Departments will be subject to value for money reviews

Operating and Financial Review (continued)

Organisational Climate

- The percentage of learners that would recommend the College as a place to learn will increase
- The percentage of members of staff who report positively on Greenwich Community College as a place to work will increase
- The college achieves recognition of professional excellence as an employer by 2009/10.

The College's specific objectives for 2007/08 and achievement of those objectives are addressed below.

- The College achieved a grade 'B' financial status which equates to 'Good' under Framework for Excellence.
- The targets in the LEA Education contract were achieved
- The College achieved an estimated 3,821 LSC-funded FTE learners against a target of 4,121 FTE
- The College met its Train to Gain contract of £735k

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 2009
- 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 Good financial status as assessed by the Learning and Skills Council (LSC).

Performance indicators

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

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

In 2007/08 the College achieved an estimated 4,660 LSC and Non-LSC FTE learners.

The LSC is moving towards a new system of performance measures for colleges, the "Framework for Excellence". This framework is intended to be implemented across all providers in 2008/09 and in the intervening period, pilot institutions have been developing the measures to be employed. The College will be monitored against the draft measures alongside the existing measures. The Framework has three dimensions:

Operating and Financial Review (continued)

- Responsiveness
- Effectiveness
- Finance

Each of these 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 LSC. As benchmarks develop, so the College will be better placed to take appropriate action in the light of the overall performance rating. The current rating of Good for Finance is considered an acceptable outcome.

FINANCIAL POSITION

Financial Results

The College generated an operating surplus in the year of £15,000 (2006/07 – surplus of £221,000).

The College has accumulated reserves of £7,905,000 and cash balances of £6,671,000. The College continues to accumulate reserves and cash balances in order to fund its planned property strategy.

Tangible fixed asset additions during the year amounted to £1,191,000 inclusive of £176k of capital accruals brought forward from 2006/07. Fixed asset additions were split between land and buildings acquired of £561,000 and equipment purchased of £630,000.

The College has significant reliance on the LSC for its principal funding source, largely from recurrent grants. In 2007/08 the LSC provided 78% 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 £267k net operating cash outflow (2006/07-£1,024million cash inflow). The net cash outflow resulted from a one-off payment of £1million into the pension fund made during the year.

Operating and Financial Review (continued)

CURRENT AND FUTURE DEVELOPMENT AND PERFORMANCE

Student numbers

In 2007/08 the College delivered activity that produced £13,628,983 in LSC main allocation funding (2006/07 - £13,863,674). The College had approximately 5,837 LSC-funded and 6,131 non-LSC-funded students.

Student achievements

The College is still in the process of entering and collating details on student achievements for 2008. It is estimated that overall achievements for examinations taken in the year are likely to be around 76% of their qualification aims. This represents a significant improvement on 2007(2007: 65%).

Curriculum developments

The College has a reputation for curriculum innovation and change. It has specifically introduced new courses to meet the needs of its learners and local employers.

Many learners arrive with low levels of prior educational achievement – and the college has a broad range of Skills for Life courses available to support their progression and further development. These can lead to progression to academic and vocational programmes which are offered from Entry Level through to Foundation Degree Level across curriculum areas. In addition, there are significant courses for learners to develop “English for Speakers of Other Languages” skills, many of which have a “Skills for Work” focus. Additionally, the college has a strong Adult and Community Learning offer which focuses on courses which are for personal and community development as well as focusing on Skills for Work and First Steps to other programmes.

Many of the college’s specialist vocational areas of provision have been developed as bespoke responses to significant local partner organisations. These include courses in:

- Sports, leisure, travel and tourism including customer service and (planned) training for the Gaming industry
- Technology including automotive and electrical engineering
- Health and social care including counselling and social work

Alongside traditional programmes of study, the college also offers a range of work based programmes including Train to Gain, Apprenticeships and a range of other government-led training initiatives.

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 and learner satisfaction surveys.

Operating and Financial Review (continued)

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 2007 to 31 July 2008, the College paid 85 per cent of its invoices within 30 days. The College incurred no interest charges in respect of late payment for this period.

Post-balance sheet events

There have been no post-balance sheet events.

Future Developments

The College is under Demand Led Funding and the provisional allocation for 2008/09 is £14,091,000 (2007/08:£13,629,000).

The College is considering the relocation of its main operations from its current location in Plumstead to a new site in central Woolwich with a subsidiary site elsewhere in the borough that will focus on more space and capital intensive vocational programmes.

In addition the college is planning to improve and expand its facilities at Greenwich Park which are primarily used for the delivery of adult and community learning.

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 new facility at Eltham that opened in January 2008 mainly for sport and leisure provision.

Financial

The College has £11.2 million of net assets (including a £2.7 million pension liability). It has no long term debt.

People

The College employs 401 people (expressed as full time equivalents), of whom 226 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 Group has during the year reviewed the College's risk register on a termly 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 Risk Management Group 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. In 2008, 78% 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 two issues which may impact on future funding,

- The LSC is introducing a new demand led funding system to apply 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 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.

This risk is mitigated in a number of ways:

- Diversification of the College's income streams
- 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 LSC

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 37.5 % in 2007/08 to 42.5% in 2008/09, 47.5% in 2009/10 and 50% in 2010/11. In line with the majority of other colleges, Greenwich Community College 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 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.

4. International Students

The government is introducing a new points based system for the 2009/10 academic year which is forecasted to have a negative impact on the income from international students. This new system would have resulted in a loss of £53k of international fees income in the current year 2008/09

STAKEHOLDER RELATIONSHIPS

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

These include:

- Students;
- Funding Bodies;
- Staff and trade unions;
- 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;

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

Operating and Financial Review (continued)

Equal opportunities and employment of disabled persons

Greenwich Community College is committed to ensuring equality of opportunity for all who learn and work here. We respect and value positively, differences in race, gender, sexual orientation, abilities, class and age. We strive vigorously to remove conditions which place people at a disadvantage and we will actively combat bigotry. This policy is resourced, implemented and monitored on a planned basis. The College's Equal Opportunities Policy, Race Relations Policy and its Disability Equality scheme are published on the College's Internet site. In 2006/07 the college became a member of the Stonewall Diversity Champions Scheme. The College has been awarded the 'Disability Two Ticks' symbol in recognition for 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.

- a) The College continually seeks to improve its accessibility. The Plumstead, Burrage and Eltham centre sites are fully accessible and there are plans to improve accessibility at the Greenwich Park centre in 2008/09.
- b) The College has appointed a Head of Supported Learning, who provides information, advice and arranges support where necessary for students with disabilities.
- c) Specialist equipment, such as radio aids 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 Guide, which is issued to students together with the Complaints and Disciplinary Procedure leaflets at induction.
- h) The College works in partnership with a wide range of specialist partners to support learners with learning difficulties and/or disabilities.

Operating and Financial Review (continued)

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 10th December 2008 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 C. Davidson	Vice Principal, Corporate Services
Ms M. Knights	Vice Principal, Information, Learning and Human Resources
Mr I. Mitton	Vice Principal, Curriculum

Professional advisers

Financial statement and regularity auditors:

Buzzacott LLP
12 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
Infirmity 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 2008.

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 2007/08.

Name	<i>Date of appointment</i>	<i>Term of Office</i>	<i>Date of resignation</i>	<i>Status of appointment</i>	<i>Committees Served</i>
Mr J Ahmed	05.12.2007	Until 31.08.08		Student	
Cllr B Barwick	25.06.2008	2 years		External	
Mr J Choy	14.10.2006	2 years		External	Audit
Mr R Dougans	25.06.2008	2 years		External	
Mr A Doyle	Reappointed 31.03.2008	4 years		External	Chair: Finance & General Purposes Remuneration
Mrs S Elliott	Reappointed 14.10.2006	4 years		External	Finance & General Purposes Standards
Cllr J Fahy	25.06.2008	2 years		External	
Mr J Gross	14.10.2006	Until 31.08.07		Student member	Standards
Mr T Heath	Reappointed 05.12.2007	Until Autumn 2009		Academic Staff	Standards
Cllr D Hyland	28.06.2006	2 years	24.06.08	External	Chair: Standards
Mrs N Ishmael	Reappointed 01.04.2008	4 years		External	Vice Chair: Corporation Audit Chair: Remuneration
Mr R McMenemy	14.10.2006	2 years		External	Finance & General Purposes Standards
Mr S Miah	19.03.2008	2 years		External	
Mr O Odebo	05.12.2007	Until 31.08.08		Student	
Mr J Pearson	14.10.2006	Until 31.08.07		Student Member	
Mr G Pine	Ex-officio			Principal	Finance & General Purposes Search

Statement of Corporate Governance and Internal Control (continued)

Name	Date of appointment	Term of Office	Date of resignation	Status of appointment	Committees Served
Mr I Smith	Reappointed 01.04.2008	4 years		External	Chair: Corporation Chair: Search Finance and General Purposes Remuneration
Mr S Steptoe	27.03.2007	Until autumn 2009		Support Staff	Audit
Cllr Dr P Tyler	28.06.2006	2 years	24.06.08	External	
Mr R Wood	Reappointed 01.04.2008	4 years		External	Chair: Audit Remuneration
Mr A Lightbown is the clerk to the corporation					

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 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 2008, 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 2008 are set out in note 7 to the financial statements.

Audit committee

The audit committee comprises five 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 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. 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 2008 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 2008 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 2008 meeting, the Corporation carried out the annual assessment for the year ended 31 July 2008 by considering documentation from the senior management team and internal audit, and taking account of events since 31 July 2008.

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 _____

Signed _____

Date _____

Date _____

Chair Iain D. Smith

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 LSC 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* 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 LSC are used only in accordance with the Financial Memorandum with the LSC and any other conditions that the LSC 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 LSC are not put at risk.

Approved by order of the members of the Corporation on 10th December 2008 and signed on its behalf by:

Signed _____

Date _____

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 2008, 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 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 2008 and of the College's surplus of income over expenditure for the year then ended, and are properly prepared in accordance with 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 Learning and Skills Council ('the LSC')

In accordance with the terms of our engagement letter dated 5th May 2008 and further to the requirements of the LSC, we have carried out a review to obtain assurance about whether, in all material respects, the expenditure and income of Greenwich Community College ('the College') for the year ended 31 July 2008 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 LSC. Our review work has been undertaken so that we might state to the Corporation and the LSC 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 LSC, 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 LSC. We report to you whether, in our opinion, in all material respects, the College's expenditure and income for the year ended 31 July 2008 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 LSC. 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 2008 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 2008

	Notes	2008 £'000	2007 £'000
Income			
Funding council income	2	15,361	15,133
Tuition fees and education contracts	3	3,636	3,297
Other grants and contracts		-	22
Other income	4	337	460
Investment income	5	461	350
		<hr/>	<hr/>
Total income		19,795	19,262
Expenditure			
Staff costs	6	13,762	13,340
Other operating expenses	8	5,010	4,319
Depreciation	12	1,008	1,151
Interest Payable	9	-	225
		<hr/>	<hr/>
Total Expenditure		19,780	19,035
Surplus on continuing operations after depreciation of assets at valuation but before tax		15	227
Loss on disposal of assets		-	(6)
		<hr/>	<hr/>
Surplus on continuing operations after depreciation of assets at valuation and disposal of assets but before tax		15	221
Taxation	10	-	-
		<hr/>	<hr/>
Surplus on continuing operations after depreciation of assets at valuation, disposal of assets and tax	11	15	221
		<hr/>	<hr/>

Statement of Historical Cost Surpluses and Deficits For the year ended 31 July 2008

	Notes	2008 £'000	2007 £'000
Surplus on continuing operations before taxation		15	221
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		102	308

Statement of Total Recognised Gains and Losses

	Notes	2008 £'000	2007 £'000
Surplus on continuing operations after depreciation of assets at valuation, disposal of assets and tax		15	221
Actuarial (losses)/gains in respect of pension scheme	25	(1,437)	1,179
Total recognised (losses)/ gains relating to the period		(1,422)	1,400

Reconciliation

Opening reserves and endowments	9,327	7,927
Actuarial loss on enhanced pensions		-
Total recognised gains/(losses) for the year	(1,422)	1,400
Closing Reserves	7,905	9,327

Balance sheets as at 31 July

	Notes	2008 £'000	2007 £'000
Fixed assets			
Tangible assets	12	11,317	11,310
Total fixed assets		11,317	11,310
Current assets			
Stocks		11	25
Debtors	13	1,136	994
Investments – short term		6,764	7,703
Cash at bank and in hand		23	18
Total current assets		7,934	8,740
Less: Creditors – amounts falling due within one year	14	5,067	4,839
Net current assets		2,867	3,901
Total assets less current liabilities		14,184	15,211
Less: Provisions for liabilities and charges	15	319	319
Net assets excluding pension Liability		13,865	14,892
Net pension liability	25	(2,651)	(2,063)
NET ASSETS INCLUDING PENSION LIABILITY		11,214	12,829
Deferred capital grants			
	16	3,309	3,502
Income and expenditure account excluding pension Reserve	18	4,011	4,758
Pension reserve	25	(2,651)	(2,063)
Income and expenditure account including pension reserve	18	1,360	2,695
Revaluation reserve	17	2,243	2,330
Designated reserves	19	4,302	4,302
Total reserves		7,905	9,327
TOTAL		11,214	12,829

The financial statements on pages 20 to 45 were approved by the Corporation on 10th December 2008 and were signed on its behalf on that date by:

Chair

Principal

Cash Flow Statement
For the year ended 31 July 2008

	Notes	2008 £'000	2007 £'000
Cash (outflow)/inflow from operating activities	20	(267)	1,024
Returns on investments and servicing of finance	21	408	340
Capital expenditure and financial investment	22	(1,099)	(448)
Management of liquid resources	23	939	(928)
Decrease in net cash in the year		<u>(19)</u>	<u>(12)</u>
Reconciliation of net cash flow to movement in net funds			
(Decrease)/increase in cash in the period		(19)	(12)
Cash (outflow)/inflow from liquid resources	23	(939)	928
Movement in net funds in the period		<u>(958)</u>	<u>916</u>
Net funds at 1 August		7,629	6,713
Net funds at 31 July	24	<u>6,671</u>	<u>7,629</u>

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 LSC 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 statements include 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.

Recognition of income

The recurrent grant from the LSC and HEFCE represent the funding allocations attributable to the current financial year and are credited direct to the income and expenditure account. Recurrent grants are recognised in line with planned activity. The final grant allocation from the LSC is determined in the subsequent November, following an audit of the College's activity.

Non-recurrent grants from the LSC 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 a college annually. An estimate of the expected future cost of any enhancement to the ongoing pension of a former member of staff is charged in full to the college's income and expenditure account in the year that the member of staff retires. In subsequent years a charge is made to provisions in the balance sheet using the enhanced pension spreadsheet provided by the LSC.

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. 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)

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)

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

The College receives no similar exemption in respect of value added tax. For this reason the College is unable to recover input VAT it suffers on goods and services purchased. Non-pay expenditure is therefore shown inclusive of VAT.

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 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 council grants

	Learning and Skills Council	HEFCE	Total 2008	Total 2007
	£'000	£'000	£'000	£'000
Recurrent grant - LSC	13,629	-	13,629	13,864
Recurrent grant -HEFCE	-	218	218	210
Non-Recurrent grant -LSC	1,342	-	1,342	823
Release of deferred capital grants (note 16)	172	-	172	236
Totals	15,143	218	15,361	15,133

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 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:

	2008 £'000	2007 £'000
Train To Gain income	1,323	-
Payments to non college partners	(854)	-
Payments to FE College partners	(97)	-
Net income	372	0

3 Tuition fees and education contracts

	2008 £'000	2007 £'000
Tuition Fees	1,660	1,553
Education Contract	1,976	1,744
Total	3,636	3,297

4. Other income

	2008 £'000	2007 £'000
Release of deferred capital grants (non-funding council)	113	114
Other income	224	346
Total other income	337	460

Notes to the Financial Statements (continued)

	2008	2007
	£'000	£'000
5 Investment Income		
Other interest receivable	408	350
Pension Finance Income (note 25)	53	-
Total	461	350

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:

	2008 No.	2007 No.
Teaching staff	226	203
Non-teaching staff	175	184
	401	387

Staff costs for the above persons

	2008 £'000	2007 £'000
		As Restated
Wages and salaries	11,439	11,178
Social Security costs	827	825
Other pension costs (including FRS 17 adjustment of £205k)	1,398	1,267
Payroll sub total	13,664	13,270
Contracted Out staffing services	98	70
	13,762	13,340

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	
	2008 No.	2007 No.	2008 No.	2007 No.
£60,001 to £70,000	-	-	-	1
£70,001 to £80,000	-	-	-	2
£80,001 to £90,000	-	-	3	-
£140,001 to £150,000	1	1	-	-
	1	1	3	3

A pay award of 3.0 per cent was approved by the Corporation and paid with effect from 1 August 2007 for all staff.

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.

	2008 No.	2007 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:

	2008 £	2007 £
Salaries	118,167	112,250
Benefits in kind	10,412	6,281
Pension contributions	17,270	15,550
Total emoluments	<u>145,849</u>	<u>134,081</u>

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

	2008 £	2007 £
Salaries	118,167	112,250
Benefits in kind	10,412	6,281
Total salaries and Benefits in kind	<u>128,579</u>	<u>118,531</u>
Pension contributions	<u>17,270</u>	<u>15,550</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.

Notes to the Financial Statements (continued)

On the recommendation of the Corporation's Remuneration Committee, the Principal received a pay award of 4.63% in recognition of his achievements and having had regard to the increase agreed for staff generally, i.e. 3.0% from 1 August 2007, and the upper quartile figure for London colleges as quoted in the AOC's national remuneration survey. A bonus of £6,000 was paid to the principal in respect of performance targets in 2006/07.

8 Other operating expenses

	2008 £'000	2007 £'000
Teaching Costs	1,093	799
Non teaching Costs	2,633	2,599
Premises Costs	1,284	921
Total	<u>5,010</u>	<u>4,319</u>

Surplus for continuing operations is stated after charging the following:

	£'000	£'000
Auditors' remuneration:		
Financial statements audit	23	20
Internal audit	20	20
Other services provided by the financial statements auditors	10	-
Losses on disposal of tangible fixed assets	<u>-</u>	<u>6</u>

9 Interest payable

	2008 £'000	2007 £'000
Pension finance costs (note 25)	-	20
Other Interest	-	205
Total	<u>-</u>	<u>225</u>

10 Taxation

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

Notes to the Financial Statements (continued)

11 Surplus on continuing operations for the period

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

	2008 £'000	2007 £'000
College's surplus for the period	15	221
Total	<u><u>15</u></u>	<u><u>221</u></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 2007	11,550	1,385	3,969	16,904
Additions	-	395	620	1,015
Disposals	(3)	-	(9)	(12)
At 31 July 2008	11,547	1,780	4,580	17,907
Depreciation				
At 1 August 2007	2,554	415	2,625	5,594
Charge for the year	269	162	577	1,008
Elimination in respect of disposals	(3)	-	(9)	(12)
At 31 July 2007	2,820	577	3,193	6,590
Net book value				
At 31 July 2008	8,727	1,203	1,387	11,317
At 31 July 2007	8,996	970	1,344	11,310
Inherited	2,351	-	-	2,351
Financed by capital grant	1,757	903	532	3,192
Other	4,619	300	855	5,774
Net book value at 31 July 2008	8,727	1,203	1,387	11,317

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 valued by the College on a depreciated replacement cost basis with the assistance of independent professional advice.

Notes to the Financial Statements (continued)

13 Debtors

	2008 £'000	2007 £'000
Amounts falling due within one year:		
Trade debtors	363	156
Prepayments and accrued income	725	801
Other Debtors	48	37
Total	<u>1,136</u>	<u>994</u>

14 Creditors: amounts falling due within one year

	2008 £'000	2007 £'000
Bank overdraft	116	92
Payments received in advance	725	878
Trade creditors	763	928
Other taxation and social security	440	418
Accruals and Commitments	3,023	2,523
Total	<u>5,067</u>	<u>4,839</u>

Deferred income includes specific grants for projects completing in the next academic year.

Notes to the Financial Statements (continued)

15 Provisions for liabilities and charges

	2008 £'000	2007 £'000
At 1st August 2007	319	286
Expenditure in the period	(20)	(19)
Interest on enhanced pension provision	18	15
Actuarial losses	2	37
At 31 July 2008	<u>319</u>	<u>319</u>

The 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:

	2008	2007
Price inflation	(3.92%)	(3.74%)
Discount rate	(2.50%)	(2.50%)

16 Deferred capital grants

	LSC grants £'000	Other grants £'000	Total 2008 £'000
At 1 August 2007	2,509	993	3,502
Cash received	81	11	92
Released to income and expenditure account	(172)	(113)	(285)
At 31 July 2008	<u>2,418</u>	<u>891</u>	<u>3,309</u>

Notes to the Financial Statements (continued)

17 Revaluation reserve

	2008 £'000	2007 £'000
At 1 August 2007	2,330	2,417
Transfer from revaluation reserve to general reserve in respect of:		
Depreciation on revalued assets	(87)	(87)
At 31 July 2008	<u>2,243</u>	<u>2,330</u>

18 Movement on General Reserves

Income and Expenditure Account Reserve	2008 £'000	2007 £'000
At 1 August	2,695	1,208
Surplus retained for the year	15	221
Transfer from revaluation reserve		
- Depreciation	87	87
Actuarial (loss)/gain in respect of pension scheme	(1,437)	1,179
At 31 July	<u>1,360</u>	<u>2,695</u>
Balance represented by:		
Pension reserve	(2,651)	(2,063)
Income and Expenditure Reserve excluding pension reserve	4,011	4,758
At 31 July	<u>1,360</u>	<u>2,695</u>

Notes to the Financial Statements (continued)

19 Designated Reserves

At 1 August 2007	2008 £'000	2007 £'000
Planned Maintenance Reserve	-	677
Capital Reserve	<u>4,302</u>	<u>3,625</u>
At 31 July 2008	<u>4,302</u>	<u>4,302</u>

20 Reconciliation of Operating Surplus to Net Cash Inflow from operating activities

	2008 £'000	2007 £'000
Surplus on continuing operations after depreciation of assets at valuation	15	221
Depreciation (notes 1 and 12)	1,008	1,151
Deferred capital grants released to income	(285)	(350)
Loss on disposal of tangible fixed assets	-	6
FRS 17 Pension cost less contributions payable (note 25)	205	219
FRS 17 Pension finance income (note 5)	(53)	-
Enhanced pension adjustment	19	18
Decrease/(increase) in stocks	14	(8)
(Increase) in debtors	(142)	(208)
(Decrease)/increase in creditors	(587)	100
Interest payable (note 9)	-	225
Interest receivable (note 5)	(461)	(350)
Net cash (outflow)/inflow from operating activities	<u>(267)</u>	<u>1,024</u>

Notes to the Financial Statements (continued)

21 Returns on investments and servicing of finance

	2008 £'000	2007 £'000
Other interest received	408	341
Bank interest paid	-	(1)
Net cash inflow from returns on investment and servicing of Finance	<u>408</u>	<u>340</u>

22 Capital expenditure and financial investment

	2008 £'000	2007 £'000
Purchase of tangible fixed assets	(1,191)	(737)
Deferred capital grants received	92	289
Net cash (outflow) from capital expenditure and financial investment	<u>(1,099)</u>	<u>(448)</u>

23 Management of liquid resources

	2008 £'000	2007 £'000
Withdrawal/Placing of deposits	939	(928)
Net cash inflow/(outflow) from management of liquid resources	<u>939</u>	<u>(928)</u>

24 Analysis of changes in net funds

	At 1 August 2007 £'000	Cash flows £'000	Other changes £'000	At 31 July 2008 £'000
Cash in hand, and at bank	18	5	-	23
Overdrafts	(92)	(24)	-	(116)
	<u>(74)</u>	<u>(19)</u>	<u>-</u>	<u>(93)</u>
Current asset investments	7,703	(939)	-	6,764
Total	<u>7,629</u>	<u>(958)</u>	<u>-</u>	<u>6,671</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	2007/08 £000	2006/07 £000 As Restated
Teachers Pension Scheme: contributions paid	797	711
Local Government Pension Scheme:		
Contributions paid	377	318
FRS 17 charge	205	220
Charge to the Income and Expenditure Account (staff costs)	582	538
Enhanced pension charge to Income and Expenditure Account (staff costs)	19	18
Total Pension Cost for Year	1,398	1,267

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 2004 to 31 July 2006 the employer contribution was 13.5 per cent. The rate increased to 14.1% from 1 January 2007. The employee rate increased from 6% to 6.4% at the same date. 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 2008 was £547,259 of which employer's contributions totalled £376,783 and employees' contributions totalled £170,476. 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 2008	At 31 July 2007
Rate of increase in salaries	5.3%	4.8%
Rate of increase for pensions in payment/inflation	3.8%	3.3%
Discount rate for scheme liabilities	6.7%	5.8%
Commutation of pensions to lump sums	20%	20%
Expected Return on Assets	7.2%	7.4%

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

	At July 2008
Retiring today/current pensioners	
Males	19.6
Females	22.5
Retiring in 20 years/future pensioners	
Males	20.7
Females	23.6

Notes to the Financial Statements (continued)

25 Pension and similar obligations

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 2008	Value at 31 July 2008	Long-term rate of return expected at 31 July 2007	Value at 31 July 2007
		£'000		£'000
Equities	7.6%	5,641	7.9%	5,285
Bonds	6.3%	1,891	6.6%	1,879
Property	6.8%	2,146	7.0%	1,148
Cash	4.8%	(37)	5.1%	275
Total market value of assets		9,641		8,586
Present value of scheme liabilities				
- Funded		(12,277)		(10,634)
- Unfunded		(15)		(15)
Deficit in the scheme		(2,651)		(2,063)

Analysis of the amount charged to income and expenditure account

	2008 £'000	2007 £'000
Employer Service cost (net of employee contributions)	432	538
Past service costs	150	-
Total operating charge	582	538

Analysis of pension finance income/(cost)

Expected Return on pension scheme assets	686	529
Interest on pension liabilities	(633)	(549)
Pension Finance income/(cost)	53	(20)

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 £1,437,000 (2007: £1,179,000)

Notes to the Financial Statements (continued)

25 Pension and similar obligations

Local Government Pension scheme (continued)

	2008	2007
	£'000	£'000
(Deficit) in scheme at 1 August	(2,063)	(3,003)
Movement in year:		
Employer service cost (net of employee contributions)	(432)	(538)
Past service cost	(150)	-
Employer contributions	377	318
Additional Employer contributions	1,000	-
Contributions in respect of unfunded benefits	1	1
Net interest/return on assets	53	(20)
Actuarial gain or loss	(1,437)	1,179
Deficit in scheme at 31 July	<u>(2,651)</u>	<u>(2,063)</u>

Asset and Liability Reconciliation

	2008	2007
	£'000	£'000
Reconciliation of Liabilities		
Liabilities at start of period	10,649	10,498
Service cost	432	538
Interest cost	633	549
Employee contributions	172	164
Experience gains and losses on scheme liabilities	481	(930)
Actuarial (gain)/loss	-	-
Benefits paid	(225)	(170)
Past Service cost	150	-
Curtailments and settlements	-	-
Liabilities at end of period	<u>12,292</u>	<u>10,649</u>
Assets at start of period	8,587	7,372
Expected return on assets	686	529
Actuarial gain/(loss)	(956)	373
Employer contributions	1,377	318
Employee contributions	172	164
Benefits paid	(226)	(170)
Assets at end of period	<u>9,641</u>	<u>8,586</u>

Notes to the Financial Statements (continued)

25 Pension and similar obligations

Local Government Pension scheme (continued)

History of experience gains and losses

	2008	2007	2006	2005	2004
Difference between the expected and actual return on assets:					
Amount £'000	(956)	373	295	651	3
percentage of scheme assets	(9.9)%	4.3%	4.0%	10.2%	(0.1)%
Experience gains and losses on scheme liabilities:					
Amount £'000	(424)	(125)	0	321	(1)
percentage of scheme liabilities	(3.4)%	(1.2)%	0.0%	(3.5)%	(0.0)%
Total amount recognised in STRGL:					
Amount £'000	(1,437)	(1,303)	(124)	(211)	(9)
percentage of scheme liabilities	(11.71)%	12.2%	(1.2)%	(2.3)%	(0.1)%

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

	2008 £'000	2007 £'000
Commitments contracted for at 31 July 2008	-	-
Authorised but not contracted for at 31 July 2008	<u>1,048</u>	<u>703</u>

28 Financial commitments

At 31 July the College had no annual commitments under non-cancellable operating leases.

29 Contingent liability

There are no significant contingent liabilities at 31 July 2008.

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

	2008 £'000	2007 £'000
LSC grants – hardship funds	356	176
LSC grants – childcare	289	368
Interest earned	8	4
	<hr/> 653	<hr/> 548
Disbursed to students	(610)	(514)
Staffing	(30)	(34)
Balance unspent at 31 July, included in creditors	<hr/> 13	<hr/> -

LSC 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.