



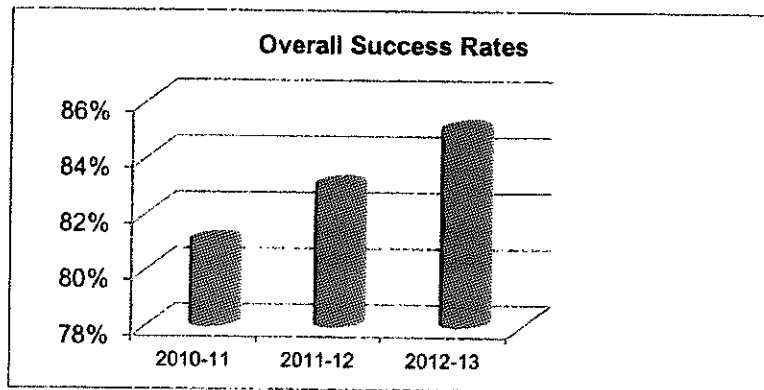
North West Kent College
Report and Financial Statements
For the year ended 31 July 2013



Key Performance Indicators from 2012-2013

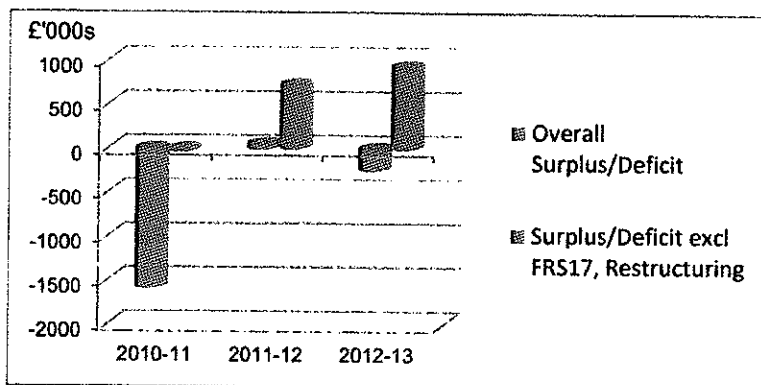
Excellent success across the board

Students continue to prosper at NWKC with increasing success.



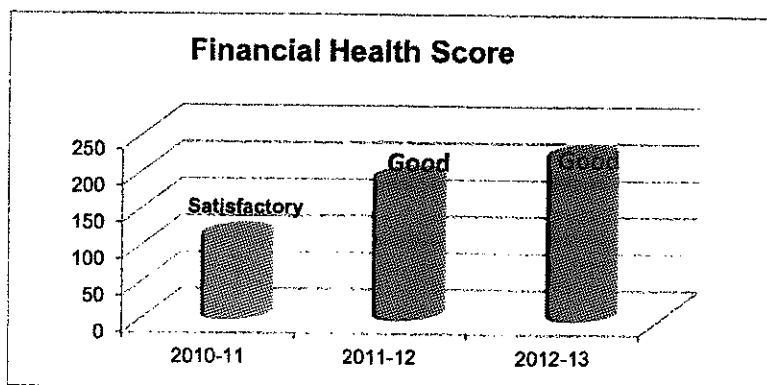
Underlying operating surplus

Increasing result before exceptional and FRS17 delivering future investment potential.



Solid financial health

The College increases its 'good' health score as set by the Skills Funding Agency



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Operating and Financial Review

NATURE, OBJECTIVES AND STRATEGIES

North West Kent College is one of the leading education providers to the Thames Gateway, ideally situated in both Dartford and Gravesend which is an area of economic and social regeneration. The College successfully delivers training and education to around 7,000 students from South East London and Kent.

The members present their report and the audited financial statements for the year ended 31 July 2013.

Legal Status

The Corporation was established under the Further and Higher Education Act 1992 for the purpose of conducting North West Kent College. The College is an exempt charity for the purposes of the Charities Act 2011.

Mission

The College's mission as approved by its members is:

To provide high quality education, learning and training which, through partnership working, offers young people and adults the opportunity to achieve their potential and contribute to the success of the community.

Implementation of Strategic Plan

The new Strategic Vision has a goal for the College to become outstanding by July 2015, and is underpinned by 6 aims and 12 objectives used to measure its progress. The Corporation monitors the College's performance against these plans, and are updated on its progress. These are set out below:

Aim 1 - Excellent success across the board

Objective - Achieve an overall course success rate of 89%

Objective - At least 89% of all leavers find new or better employment

Aim 2 - Innovative and market-leading range of provision

Objective - Increase student numbers by 10%

Objective - Seen as innovative and market leading by 75% of students and employers

Aim 3 - Powerful partnerships and commercial relationships

Objective - Achieving a partnership/customer satisfaction rating of more than 90%

Objective - Increasing alternative funding to 15%

Aim 4 - Strong finances

Objective - Achieve an underlying surplus each year

Objective - Make best and efficient use of all resources

Aim 5 - Inspirational teaching and learning experiences

Objective - More than 85% of teaching at good/outstanding

Aim 6 - Amazing People

Objective - External feedback on the student experience in the top 10% nationally

Objective - Achieve Investors in Gold or Best Companies recognition

Objective - Industry practitioners within all departments

The College is on track to achieving this vision.

Operating and Financial Review (continued)

Financial Objectives

The College's financial objectives for 2012/13 were to:

- Achieve an underlying surplus in its operating result - Achieved
- To increase incrementally the percentage of alternative funding - Not achieved
- Maintain cash days of 10 or more at all times - Achieved
- Have a current ratio of more than 1.0, excluding finance relating to the capital project - Achieved.
- Meet the College's loan covenants - Achieved
- Maintain general reserves (excluding pension reserve) of at least 25% of income during the period - Achieved

Performance Indicators

FE Choices (formerly the "Framework for Excellence") has four key performance indicators:

- Success rates
- Learner destinations
- Satisfaction survey (formerly "learner views")
- Satisfaction survey (formerly "employer views")

In 2012/13 the College achieved its funding target for 16-18 year olds, and Adults based on its original allocations.

The College is committed to observing the importance of the measures and indicators and is monitoring these through the completion of the annual Finance Record for the Skills Funding Agency.

The College maintained its financial health score of Good, based on the Skills Funding Agency scoring assessment for the College's profitability, working capital and gearing.

Financial Results

The College incurred a deficit of £240,000 in 2012/13 (2011/12 surplus: £53,000). Before restructuring costs the College achieved an operating surplus of £437,000 (2011/12 surplus: £410,000).

The College has accumulated reserves and net assets of £7,656,000 (2011/12: £5,258,000) and cash balances of £5,258,000 (2011/12: £3,606,000). The 2-year development plan underlying the College vision is to generate reserves which will be available for on-going re-investment in the organisation, as well as providing a safeguard in the current economic climate.

Tangible fixed asset additions during the year amounted to £872,000 to provide for high quality learning environments building on the significant investment in the Dartford and Gravesend campus re-developments

The College has a strong reliance on funding from its main funding bodies for its principal funding source, largely from recurrent grants. For 2012/13, the funding bodies provided 82% of the College's total income. The College continues in its pursuit to increase the percentage of alternative funding to provide a balanced income portfolio.

Operating and Financial Review (continued)

Financial Results (continued)

The College has three subsidiary companies, North West Kent College Training Trust (NWKCTT), North West Kent Business Services Ltd (NWKBS Ltd) and Knowledge Warehouse Ltd (KW Ltd). Following a review of these operations the College rationalised its operations under the College during 2012/13, with principal operations trading as one under the College from the start of the financial year. In addition the remaining charitable funds held by NWKCTT were transferred to the College during the year. Both the NWKCTT and KW Ltd will become dormant in due course. NWKBS Ltd ceased trading at 31 July 2008 and is currently dormant.

Resources

The College has various resources that it deploys in pursuance of its Strategic Aims.

-Tangible

North West Kent College has two main sites in Dartford and Gravesend, with three additional specialist sites; a Maritime and Fire Fighting facility on the bank of the River Thames in Gravesend, the Learning Shop at Bluewater, and SusCon at The Bridge, Dartford.

-Financial

The College has £80.4 million of net assets (including £7.1 million of pension liability) and long term loans of £12.4 million.

-People

The College employs 510 people (expressed as full-time equivalents), of whom 245 are teaching staff. The College's investment in staff was recognised in 2011/12 with the College achieving an Investors in People Bronze Award, and is seeking Silver Award in due course.

-Reputation

The College has a good reputation locally and regionally, and nationally for its specialist maritime provision.

Treasury Management

The College has a treasury management policy in place to effectively manage the College's cashflows, its banking, money markets 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 number of borrowings related to the sites and developments, details of which are contained in the main body of the statutory accounts.

Cash Flows

For 2012/13 the College had a cash inflow from operating activities of £8,037,000, benefitting from receipts relating to the new build re-development. The net cashflow allowed the College to repay as planned £5.5m in loans relating to this project.

Liquidity

The College's liquidity improved in year, with a significant improvement in the cash balance at £5.2m (£3.6m in 2011/12). The College repaid the final £5m of the Dartford related loan in April 2013. At the balance sheet date around £406,000 of grants were due for the completion of the Dartford project.

Operating and Financial Review (continued)

Current and Future Development and Performance

Student numbers and Achievement

The College achieved its funding target for the EFA and close to its SFA target, with some underachievement in its Adult Skills Budget funding.

Students continue to succeed at the College, with an increasing rise in achievement year-on-year. In 2011/12 the College success rate rose to 83%, for 2012/13 the rate is expected to be above this level.

Curriculum developments

The College identified in its Curriculum Strategy the the following key strands in its offer:

- Vocational Qualifications
- Entry Level/Level 1
- Apprenticeships
- Functional Skills and GCSEs
- Study programmes and Higher Education

The College operates from two main sites, and has identified that some vocational provision such as Construction and Services, should be delivered at both campuses. Investment in new facilities has been completed as expected demand can be serviced better locally.

The college recognises the need to provide skills to improve employability, and pathways for higher achievement, in 2012/13 the College has been involved in a £1m project to develop a new Higher Apprenticeship qualification. The work builds on the work that began in 2011 with the development of the Suscon partnership in this field, and it is expected to meet demand from the 'green' economy.

A new Maths and English Strategy has been embedded in the curriculum, reinforcing this key area of success, and will be a vital component looking forward with the development of study programmes for 2013/14.

In 2012/13 the College commenced its own Higher Education programme following the changes to this sector. The College achieved over 90% of its recruitment target, and hopes to build on this foundation for 2013/14.

Taxation

The College is an exempt charity and not liable to corporation tax. Knowledge Warehouse Ltd activities are taxable and the liability for 2012/13 is £nil (2011/12 £nil).

CURRENT AND FUTURE DEVELOPMENT AND PERFORMANCE

Future Developments

In 2012/13 the College has been focusing on implementing and embedding in the Strategic Vision rolled out in 2011/12. A new Estates Strategic Plan has been agreed to help guide future investment in resources following the completion of the new buildings at Dartford and Gravesend, and help complete the process of transformation at the sites.

Going forward Curriculum will be focused around ensuring delivery to the new landscape such as Study Programmes to ensure learners continue to prosper at the College.

Operating and Financial Review (continued)

PRINCIPAL RISKS AND UNCERTAINTIES

The College has embedded a system of internal controls, which include financial, operational and risk management which is designed to protect the College's assets and reputation.

A risk register is maintained at the College level which is reviewed regularly 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.

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 further education sector funding bodies and through HEFCE. In 2012/13, 86% of the College's revenue was ultimately sector 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 several issues which may impact on future funding,

- The changes to Education Funding Agency funding for students in 2013/14, will require all sector providers to review their provision and how this delivered in line with the new funding parameters.

- The introduction of 24+ Advanced Learning Loans for learners over the age of 24, will for the first time require all adults at this stage to self-fund their studies, effects of this on recruitment will need to be reviewed.

- The current economic conditions and continued uncertainty over government funding will continue to create a difficult market place to encourage growth in the sector, only a drive for increased quality will it is hoped bring additional work through increased reputation.

This risk is mitigated in a number of ways:

- 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.

2. Tuition fee policy

Ministers have confirmed that the fee assumption remains at 50% in 2013/14. In line with the majority of other colleges, the College will review its tuition fees in accordance with the fee assumptions. The price elasticity of adult learning for the College continues to change with the introduction of the new 24+ Advanced Learning Loans for 2013/14. The risk for the College is that demand falls off as fees are increased. This will impact on the growth strategy of the College.

This risk is mitigated in a number of ways:

- By ensuring the College is rigorous in delivering high quality education and training, thus by ensuring value for money for student.

- Close monitoring of the demand for courses as prices change .

Operating and Financial Review (continued)

PRINCIPAL RISKS AND UNCERTAINTIES (continued)

3. Maintain adequate funding of pension liabilities

The financial statements report the share of the Local Government Pension Scheme deficit on the College's balance sheet in line with the requirements of FRS 17.

STAKEHOLDER RELATIONSHIPS

In line with other colleges and with universities, North West Kent College has many stakeholders. These include:

- Students;
- Education sector funding bodies;
- Staff;
- Local employers (with specific links);
- Local Authorities;
- Government Offices/Regional Development Agencies;
- The local community;
- Other FE institutions;
- Trade Unions;
- Professional bodies.

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

Equal Opportunities Policies and Employment of disabled persons

The College is committed to ensuring equality of opportunity for all who learn and work here. We respect and value positively differences in race, gender, sexual orientation, ability, class and age. We strive vigorously to remove conditions which place people at a disadvantage and we will actively combat bigotry. This policy will be resourced, implemented and monitored on a planned basis. The College's Equal Opportunities Policy, including its Race Relations Policy and Transgender Policies, is published on the College's Internet site.

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

- Government Offices/Regional Development Agencies;
- The local community;
- Other FE institutions;
- Trade Unions;
- Professional bodies.

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

Operating and Financial Review (continued)

Disability statement

North West Kent 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 In 2006/07 the College secured a substantial grant from the LSC to undertake works at both Dartford and Gravesend campus which enabled us to comply with both acts and the capital redevelopment on both sites were designed to comply with the acts;
- b there is a list of specialist equipment, lighting for audio facilities, etc, which the College can make available for use by students;
- c 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;
- d the College has made a significant investment in the appointment of specialist lecturers to support students with learning difficulties and disabilities. There are a number of student support assistants who can provide a variety of support for learning. There is a continuing programme of staff development to ensure the provision of a high level of appropriate support for students who have learning difficulties and/or disabilities;
- e specialist programmes are described in programme information guides, and achievements and destinations are recorded and published in the standard College format; and
- f counselling and welfare services are available and are detailed in the College charter and the College's published Policy on Disability and Discrimination.

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 Governing Body/Corporation on 11 December 2013 and signed on its behalf by:



Mr J Parkes
Chairman

Operating and Financial Review (continued)

Professional advisers

Financial statements and regularity auditor:

Buzzacott LLP
130 Wood Street
London
EC2V 6DL

Internal auditor:

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

Bankers:

Lloyds TSB Plc
High Street
Dartford
Kent
DA1 1BY

Solicitors:

Maples Teesdale
21 Lincoln's Inn Fields
London
WC2A 3DU

Statement of Corporate Governance and Internal Control

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

In the opinion of the Governors, the College complies with all the provisions of the Combined Code in so far as they apply to the Further Education Sector, and it has complied throughout the year ended 31 July 2013.

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 1.

Table 1: Governors serving on the College board during 2012/13

Name	Date of Appointment/ re-appointment	Term of Office	Date of Resignation	Status of Appointment	Committees Served
Mr J Parkes (Chairman)	December 2011 (Chair from July 2013)	4 years		Business	Remuneration; Governors' Review; Policy & Finance; Audit; Special
Mr E C Anderson	July 2009	4 years	July 2013		Remuneration; Governors' Review; Policy & Finance
Ms W Davies	July 2012	4 years		Staff	Quality & Curriculum
Ms E Birchenough	March 2013	4 years		Business	Estates & Facilities; Governors' Review; Special;
Mr R Singh Gill	March 2012	4 years		Co-opted	Search; Special; Staff & Students
Mrs S Adams (Vice Chairman)	July 2013	4 years		Business	Search; Governors' Review; Estates & Facilities
Mr B Newell	October 2010	4 years		Local Authority Nominee	Governors' Review; Policy & Finance; Staff & Students
Mrs P Jones	July 2011	4 years		Local Community Nominee	Quality & Curriculum; Remuneration
Mr R Higgins	May 2010	4 years	October 2012	Business	Audit; Staff & Students
Mr M Richardson	June 2012	1 year	June 2013	Student	Staff & Students
Mr A Johnson	June 2012	1 year	June 2013	Student	Staff & Students
Mrs K Gingell	December 2012	4 years		Staff	Quality & Curriculum; Policy & Finance; Staff & Students
Mr A Lewsley	December 2012	4 years		Business	Policy & Finance; Staff & Students
Mr D Gleed	April 2010	Ex-officio		Principal	Estates & Facilities; Governors' Review; Policy & Finance; Quality & Curriculum; Remuneration; Search;
Clr A Bardoe	December 2011	4 years		Business	Audit Committee
Mr A Lawson	July 2012	4 years		Business	Audit Committee
Mr T Munson	July 2013	1 year		Student	Staff & Students
Miss H Turner	July 2013	1 year		Student	Staff & Students

Yolanda Hughes is Clerk to the Corporation.

Statement of Corporate Governance and Internal Control (continued)

The following persons also acted as trustees and directors, respectively, of the North West Kent College Training Trust and its subsidiary, North West Kent Business Services Limited and Knowledge Warehouse Limited.

NWKCTT:	Mr E Anderson <i>retired (31 July 2013)</i> Mr D Gleed Mr J Parkes
NWKBS Ltd:	Ms E Birchenough Mr D Gleed Mrs A Komzolik
KW Ltd:	Ms E Birchenough Mr D Gleed Mrs A Komzolik

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

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

The Corporation conducts its business through a number of committees. Each committee has terms of reference, which have been approved by the Corporation. These committees are Policy and Finance, Remuneration, Search, Audit, Estates and Facilities, Quality and Curriculum, Staff and Students; Governors' Review and Special.

The Policy and Finance and Audit Committees meet not less than 3 times per year. The Quality and Curriculum, Estates and Facilities and Staff and Students Committees meet 3 times a year. The Remuneration Committee meets once a year. The Search, Governors' Review and Special Committees are convened as necessary.

Full minutes of all meetings, except those deemed to be confidential by the Corporation, are available from the Clerk to the Corporation at:

North West Kent College
Oakfield Lane
Dartford
Kent DA1 2JT

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

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

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

Statement of Corporate Governance and Internal Control (continued)

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 of the Corporation and Principal of the College are separate.

Appointments to the Corporation

There were two new student appointments in the year, one new staff governor and one new governor from a local business.

Members of the Corporation are appointed for a term of office not exceeding 4 years.

Remuneration Committee

Throughout the year ended 31 July 2013, the College's Remuneration Committee comprised Mr J Parkes, Mrs P Jones and Mr D Gleed. Mr E Anderson resigned in July 2013. The Committee's responsibilities are to make recommendations to the Board on the remuneration and benefits of the Principal and other Senior Post holders.

Details of remuneration for the year ended 31 July 2013 are set out in notes 6 and 7 to the financial statements.

Audit Committee

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

The Audit Committee meets on at least a termly basis and provides a forum for reporting by the College's internal and financial statements auditors, who have access to the Committee for independent discussion, without the presence of College management. The Committee also receives and considers reports from the main FE funding bodies, as they affect the College's business.

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

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

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

Internal Control

Scope of Responsibility

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

Statement of Corporate Governance and Internal Control (continued)

Internal Control (continued)

Scope of Responsibility (continued)

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 public funds and assets, for which he is personally responsible, in accordance with the responsibilities assigned to him in the Financial Memorandum between the College and the funding bodies. He is also responsible for reporting to the Corporation any material weaknesses or breakdowns in internal financial control.

The Purpose of the System of Internal Control

The system of internal control is designed to manage risk to a reasonable level rather than to eliminate all risk of failure to achieve policies, aims and objects; 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 North West Kent College for the year ended 31 July 2013 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 2013 and up to the date of approval of the annual report and accounts. This process is regularly reviewed by the Corporation.

Risk and Control Framework

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

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

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

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. The Principal's review of the effectiveness of the system of internal control is informed by:-

- the work of the internal auditors;
- the work of the executive managers within the College who have responsibility for the development and maintenance of the internal control framework; and
- 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.

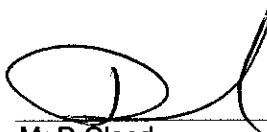
Going Concern

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 they continue to adopt the going concern basis in preparing the financial statements.

Approved by order of the members of the Corporation on 11 December 2013 and signed on its behalf by:



Mr J Parkes
Chairman



Mr D Gleed
Principal

Statement of the Responsibilities of the Members of the Corporation

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

Within the terms and conditions of the Financial Memorandum agreed between the Skills Funding Agency and the Corporation of the College (the Corporation), through its Principal, is required to prepare the financial statements for each financial year in accordance with the 2007 Statement of Recommended Practice - Accounting for Further and Higher Education and with the Accounts Directions 2012-13 issued jointly by the Skills Funding Agency and the EFA, and which give a true and fair view of the state of affairs of the College and the result for that year.

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

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

The Corporation is 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 to safeguard assets of the College and to prevent and detect fraud and other irregularities.

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

Members of the Corporation are responsible for ensuring that expenditure and income are applied for the purposes intended by Parliament and that the financial transactions conform to the authorities that govern them. In addition they are responsible for ensuring that funds from the Skills Funding Agency are used only in accordance with the Financial Memorandum with the Skills Funding Agency and any other conditions that may be prescribed from time to time. Members of the Corporations must ensure that there are appropriate financial and management controls in place to safeguard public and other funds and 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 derived from the application of public funds from the Skills Funding Agency are not put at risk.

Approved by order of the members of the Corporation on 11 December 2013 and signed on its behalf by:



Mr J Parkes
Chairman

Independent Auditor's Report to the Corporation of North West Kent College

We have audited the Group and College financial statements of North West Kent College for the year ended 31 July 2013 which comprise the consolidated income and expenditure account, the Consolidated and College balance sheets, the consolidated cashflow statement, the consolidated statement of total recognised gains and losses and the related notes. The financial reporting framework has been applied in their preparation is applicable law and UK accounting standards (UK Generally Accepted Accounting Practice).

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

Respective Responsibilities of the Corporation of North West Kent College and Auditor

As explained more fully in the Statement of the Corporation's responsibilities, the Corporation is responsible for the preparation of financial statements which give a true and fair view.

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

Scope of the audit of the financial statements

An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of: whether the accounting policies are appropriate to the Group's and the College's circumstances and have been consistently applied and adequately disclosed; the reasonableness of significant accounting estimates made by the Corporation; and the overall presentation of the financial statements. In addition we read all the financial and non-financial information in the Members' Report to identify material inconsistencies with the audited financial statements. If we become aware of any apparent material misstatements or inconsistencies, we consider the implications for our report.

Opinion on financial statements

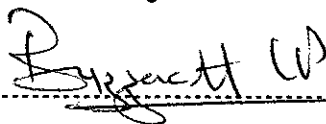
In our opinion the financial statements:


- give a true and fair view, in accordance with UK Generally Accepted Accounting Practice, of the state of the Groups' and of the College's affairs as at 31 July 2013 and of the Group's deficit of income over expenditure for the year then ended;
- have been properly prepared in accordance with the 2007 Statement of Recommended Practice – Accounting for Further and Higher Education.

Opinion on other matters prescribed by the revised Joint Audit Code of Practice (Part 1) issued jointly by the Skills Funding Agency and the EFA and the Audit Code of Practice issued by the Learning and Skills Council

In our opinion:

- proper accounting records have been kept, and
- the financial statements are in agreement with the accounting records.





Buzzacott LLP
Chartered Accountants and
Registered Auditors
130 Wood Street
London
EC2V 6DL

Date

Independent Auditor's Report on Regularity to the Corporation of North West Kent College ('the Corporation') and the Chief Executive of the Skills Funding Agency

In accordance with the terms of our engagement letter and further to the requirements of the Chief Executive of the Skills Funding Agency, we have carried out a review to obtain assurance about whether, in all material respects, the expenditure and income of North West Kent College ('the College') for the year ended 31 July 2013 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 Chief Executive of the Skills Funding Agency. Our review work has been undertaken so that we might state to the Corporation and the Chief Executive of the Skills Funding Agency those matters we are required to state to them in a report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Corporation and the Chief Executive of the Skills Funding Agency, for our review work, for this report, or for the opinion we have formed.

Respective responsibilities of the Members of the Corporation of North West Kent College and Auditor

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.

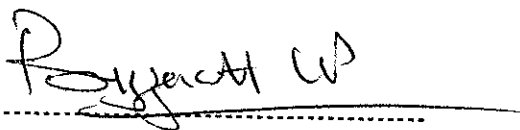
Our responsibilities for this review are established in the United Kingdom by our profession's ethical guidance and the audit guidance set out in the Audit Code of Practice and the Regularity Audit Framework issued by the Learning and Skills Council. We report to you whether, in our opinion, in all material respects, the College's expenditure and income for the year ended 31 July 2013 have been applied to purposes intended by Parliament and the financial transactions conform to the authorities which govern them.

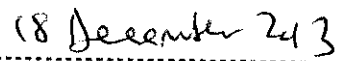
Basis of opinion

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

Opinion

In our opinion, in all material respects the expenditure and income for the year ended 31 July 2013 have been applied to purposes intended by Parliament and the financial transactions conform to the authorities which govern them.





Buzzacott LLP
Chartered Accountants and
Registered Auditors
130 Wood Street
London
EC2V 6DL

Date

**Consolidated Income and Expenditure Account
for the year ended 31 July 2013**

	<i>Note</i>	2013 £'000	2012 £'000
Income			
Funding body grants	2	27,782	27,243
Tuition fees and education contracts	3	2,230	2,797
Other income	4	3,643	3,272
Investment income	5	23	11
		<hr/>	<hr/>
Total income		33,678	33,323
		<hr/> <hr/>	<hr/> <hr/>
Expenditure			
Staff costs	6	19,335	19,246
Other operating expenses	8	8,966	8,742
Depreciation	14	4,101	3,800
Interest and other financial costs	9	839	1,125
		<hr/>	<hr/>
Total expenditure		33,241	32,913
		<hr/> <hr/>	<hr/> <hr/>
Surplus on continuing operations prior to restructuring costs		437	410
Exceptional items: Restructuring costs	10	(677)	(357)
		<hr/>	<hr/>
(Deficit)/surplus on continuing operations after restructuring costs and before tax		(240)	53
		<hr/>	<hr/>
Taxation	11	-	-
		<hr/>	<hr/>
(Deficit)/surplus for the year retained within general reserves	12	(240)	53
		<hr/> <hr/>	<hr/> <hr/>

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

**Consolidated Statement of Historical Cost Surpluses and Deficits
for the year ended 31 July 2013**

	<i>Note</i>	2013 £'000	2012 £'000
(Deficit) surplus on continuing operations after depreciation of assets at valuation and tax		(240)	53
Difference between historical cost depreciation and the actual charge for the year calculated on the re-valued amount	22	143	143
Historical cost (deficit) surplus for the year before taxation		(97)	196
Historical cost (deficit) surplus for the year after taxation		(97)	196
Consolidated Statement of the Total Recognised Gains and Losses for the year ended 31 July 2013			
(Deficit) surplus on continuing operations after depreciation of assets at valuation and disposal of assets and tax		(240)	53
Actuarial gains /(losses) in respect of the pension scheme	25	2,638	(3,135)
Total recognised gains since last report		2,398	(3,082)
Reconciliation			
Opening reserves (restated - see note 23)		5,258	8,393
Total recognised gains (losses) for the year		2,398	(3,082)
Closing reserves		7,656	5,258

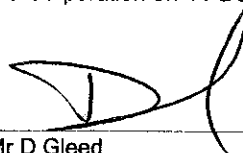
**Consolidated Balance Sheet
at 31 July 2013**

	Note	2013 £'000	2012 (restated) £'000
Fixed assets			
Intangible assets	13	3	4
Tangible assets	14	98,446	101,673
Investments	15	1	1
		<u>98,450</u>	<u>101,678</u>
Current assets			
Stock		34	34
Debtors	16	1,033	5,483
Cash at bank and in hand		5,214	3,606
Total current assets		<u>6,281</u>	<u>9,123</u>
Less creditors: Amounts falling due within one year	17	<u>(4,758)</u>	<u>(9,120)</u>
Net current assets		<u>1,523</u>	<u>3</u>
Total assets less current liabilities		<u>99,973</u>	<u>101,681</u>
Less creditors: Amounts falling due after more than one year	18	<u>(12,449)</u>	<u>(12,940)</u>
Less: Provisions for liabilities	20	<u>(19)</u>	<u>(26)</u>
Net assets excluding pension liability		<u>87,505</u>	<u>88,715</u>
Net pension liability	25	<u>(7,141)</u>	<u>(9,080)</u>
Net assets including pension liability		<u>80,364</u>	<u>79,635</u>
Deferred capital grants	21	<u>72,708</u>	<u>74,377</u>
Reserves			
Revaluation reserve	22	3,704	3,847
Income and expenditure account excluding pension reserve	23	10,996	10,396
Pension reserve	23	(7,141)	(9,080)
Income and expenditure account including pension reserve		<u>3,855</u>	<u>1,316</u>
Capital reserve	24	-	12
Restricted reserve	24	97	83
		<u>97</u>	<u>95</u>
Total reserves		<u>7,656</u>	<u>5,258</u>
Total		<u>80,364</u>	<u>79,635</u>

The financial statements on pages 17 to 44 were approved by the Corporation on 11 December 2013 and were signed on its behalf by:



Mr J Parkes
Chairman

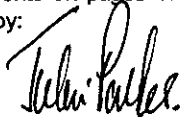


Mr D Gleed
Principal

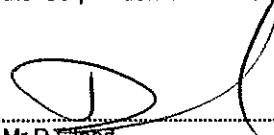
**College Balance Sheet
at 31 July 2013**

	Note	2013 £'000	2012 (restated) £'000
Fixed assets			
Intangible assets	13	3	4
Tangible assets	14	98,446	101,673
Investments	15	1	1
Total fixed assets		98,450	101,678
Current assets			
Stock		34	33
Debtors	16	1,033	5,758
Cash at bank and in hand		5,214	3,242
Total current assets		6,281	9,033
Less creditors: Amounts falling due within one year	17	(4,758)	(9,043)
Net current assets (liabilities)		1,523	(10)
Total assets less current liabilities		99,973	101,668
Less creditors: Amounts falling due after more than one year	18	(12,449)	(12,940)
Less: Provisions for liabilities	20	(19)	(25)
Net assets excluding pension liability		87,505	88,703
Net pension liability	25	(7,141)	(9,080)
Net assets including pension liability		80,364	79,623
Deferred capital grants			
	21	72,708	74,377
Reserves			
Revaluation reserve	22	3,704	3,847
Income and expenditure account excluding pension reserve	23	10,996	10,396
Pension reserve	23	(7,141)	(9,080)
Income and expenditure account including pension reserve		3,855	1,316
Restricted reserve	24	97	83
Total reserves		7,656	5,246
Total		80,364	79,623

The financial statements on pages 17 to 44 were approved by the Corporation on 11 December 2013 and were signed on its behalf by:



Mr J Parkes
Chairman



Mr D Glead
Principal

**Consolidated Cash Flow Statement
for the year ended 31 July 2013**

	<i>Note</i>	2013 £'000	2012 £'000
Cash inflow from operating activities	26	8,037	9,326
Returns on investments and servicing of finance	27	(614)	(950)
Capital expenditure and financial investment	28	(277)	(796)
Financing	29	(5,538)	(4,632)
		<hr/>	<hr/>
Increase in cash	30	1,608	2,948
		<hr/> <hr/>	<hr/> <hr/>

Reconciliation of Net Cash Flow to Movement in net debt

		2013 £'000	2012 £'000
Increase in cash in the period		1,608	2,948
Cash flow from debt and lease financing	29	5,538	4,632
		<hr/>	<hr/>
Movement in net debt in period		7,146	7,580
Net debt at 1 August		(14,823)	(22,403)
		<hr/>	<hr/>
Net debt at 31 July	30	(7,677)	(14,823)
		<hr/> <hr/>	<hr/> <hr/>

Notes to the Accounts

1 Accounting policies

Statement of accounting policies

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

Basis of preparation

These financial statements have been prepared in accordance with the Statement of Recommended Practice: Accounting for Further and Higher Education 2007 (the SORP) the Accounts Direction for 2012-13 financial statements and in accordance with applicable Accounting Standards.

Going Concern

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

Accordingly the College has a reasonable expectation that it has adequate resources to continue in operational existence for the foreseeable future, and for this reason will continue to adopt the going concern basis in the preparation of its Financial Statements.

Basis of accounting

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

Basis of consolidation

The consolidated financial statements include the College and its subsidiaries, North West Kent College Training Trust, North West Kent Business Services Limited and Knowledge Warehouse Limited. Intra-group sales and profits are eliminated fully on consolidation. 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. All financial statements are made up to 31 July 2013.

Recognition of income

The recurrent grant from HEFCE represent the funding allocations attributable to the current financial year and are credited direct to the Income and Expenditure account.

Funding body recurrent grants are recognised in line with best estimates for the period of what is receivable and depend on the particular income stream involved. Any under or over achievement for the Adult Skills Budget is adjusted for and reflected in the level of recurrent grant recognised in the Income and Expenditure Account. The final grant income is normally determined with the conclusion of the year end reconciliation process at the end of November following the year end, and the results of any funding audits. 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 bodies or other bodies received in respect of the acquisition of fixed assets are treated as deferred capital grants and are 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 chargeable to students or their sponsors

Income from grants, contracts and other services rendered is included to the extent of the completion of the contract or service concerned.

All income from short-term deposits is credited to the Income and Expenditure Account in the period in which it is earned.

Notes (continued)

1 Accounting policies (continued)

Recognition of income (continued)

The comparative figures within 'Other Operating Expenditure' in note 8 to the financial statements have been restated to provide a more accurate representation of the costs incurred. There is no impact on the surplus achieved for the year ended 31 July 2012 and the expenditure for the year ended 31 July 2013 has been prepared on the same basis.

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 TPS are charged to the Income and Expenditure Account so as to spread the cost of pensions over employees' working lives with the College in such a way that the pension cost is a substantially level percentage of current and future pensionable payroll. The contributions are determined by qualified actuaries on the basis of quinquennial valuations using a prospective benefit method. 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 of 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.

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 cost 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. Land and buildings acquired since incorporation are included in the balance sheet at cost. 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. The College has adopted the transitional provisions of FRS 15 and has determined not to subsequently revalue its fixed assets from the amounts currently included within the financial statements. The College has a policy of depreciating major adaptations to buildings over the period of their useful economic life of between 2 and 50 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.

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

Notes (continued)

1 Accounting policies (continued)

Tangible fixed assets (continued)

Land and buildings (continued)

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(s) may not be recoverable.

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

Assets under construction

Assets under construction are accounted for at cost, based on the value of architects' certificates and other direct costs, incurred to 31 July. They are not depreciated until they are brought into use.

Subsequent expenditure on existing fixed assets

Where significant expenditure is incurred on tangible fixed assets it is charged to the Income and Expenditure Account in the period it is incurred, unless it meets one of the following criteria, in which case it is capitalised and depreciated on the relevant basis:

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

Such expenditure termed short life accommodation will have an expected useful life of 15 years.

Buildings owned by third parties

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

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

Equipment

Individual equipment costing £1,000 and above is capitalised. Equipment inherited from the Local Education Authority is included in the balance sheet at valuation.

Inherited equipment is depreciated on a straight line basis over its remaining useful economic life to the College of ten years. All other equipment is depreciated over its useful economic life as follows:

Plant	15-25 years
Motor vehicles and general equipment	10 years
Computer equipment	5 years
Furniture and fittings	10 years

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

Notes (continued)

1 Accounting policies (continued)

Tangible fixed assets (continued)

Leased assets

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

Assets held under finance leases are depreciated over the shorter of the lease term or the useful economic lives of equivalent owned assets. Assets which are held under hire purchase contracts which have the characteristics of finance leases are depreciated over their useful lives.

Investments

Fixed asset investments are carried at historical cost less any provision for impairment in their value.

Current asset investments are included in the balance sheet at the lower of their original cost and net realisable value.

Stocks

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

Foreign currency translation

Transactions denominated in foreign currencies are recorded using the rate of exchange ruling at the date of the transaction. Assets and liabilities denominated in foreign currencies are translated at the rates of exchange ruling at the end of the financial year with all resulting exchange differences being taken to the Income and Expenditure Account in the period in which they arise.

Taxation

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

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

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

Liquid resources

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

Notes (continued)

1 Accounting policies (continued)

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

Agency Arrangements

The College acts as an agent in the collection and payment of Bursary and Learner Support Funds. Related payments received from the funding bodies and subsequent disbursements to students are excluded from the Income and Expenditure account and are shown separately in Note 33, except for the 5 per cent of the grant received which is available to the College to cover administration costs relating to the grant.

Notes (continued)

2 Funding body grants

	2013 £'000	2012 £'000
Main funding body recurrent grant	25,453	24,822
HEFCE	65	70
Releases of deferred capital grants (note 21)	2,264	2,351
	<hr/>	<hr/>
Total	27,782	27,243
	<hr/> <hr/>	<hr/> <hr/>

3 Tuition fees and education contracts

	2013 £'000	2012 £'000
Tuition fees	1,629	1,693
Education contracts	601	1,104
	<hr/>	<hr/>
	2,230	2,797
	<hr/> <hr/>	<hr/> <hr/>

4 Other income

	2013 £'000	2012 £'000
Residences, catering and conferences	599	534
Other income generating activities	235	251
Other income	2,809	2,487
	<hr/>	<hr/>
	3,643	3,272
	<hr/> <hr/>	<hr/> <hr/>

	2013 £'000	2012 £'000
Other income includes:		
Other grants	1,269	1,226
Nursery income	828	601
Examination and registration fees	160	153
Bodymatters	44	40
	<hr/>	<hr/>
	<hr/> <hr/>	<hr/> <hr/>

5 Investment income

	2013 £'000	2012 £'000
Other interest receivable	23	11
	<hr/> <hr/>	<hr/> <hr/>

Notes (continued)

6 Staff numbers and costs

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

	2013 Number	2012 (restated) Number
Teaching staff	245	254
Non-teaching staff	265	268
	<u>510</u>	<u>522</u>

Staff costs for the above persons were as follows:

	2013 £'000	2012 £'000
Wages and salaries	15,161	15,216
Social security costs	1,131	1,144
Other pension costs (including FRS17 adjustments of £497,000; 2012- £318,000)	2,258	2,075
Payroll sub-total	<u>18,550</u>	<u>18,435</u>
Contracted out staffing cost	785	811
	<u>19,335</u>	<u>19,246</u>

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

	2013		2012	
	Number of senior postholders	Number of other staff	Number of senior postholders	Number of other staff
<£10,000	-	-	2	-
£10,001 - £20,000	-	-	2	-
£20,001 - £30,000	1	-	-	2
£30,001 - £40,000	-	-	1	1
£60,001 - £70,000	1	3	-	-
£70,001 - £80,000	-	2	-	3
£80,001 - £90,000	-	2	-	2
£90,001 - £100,000	1	-	1	-
£140,001 - £150,000	1	-	1	-
	<u>4</u>	<u>7</u>	<u>7</u>	<u>8</u>

No pay awards were made during the year.

Notes (continued)

7 Senior post holders emoluments

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

	2013 Number	2012 Number
The number of senior post-holders including the Principal was	4	7
Senior post-holders' emoluments are made up as follows:		
	2013 £'000	2012 £'000
Salaries	324	302
Benefits in kind	14	14
Pension contributions	45	42
	<hr/>	<hr/>
	383	358
	<hr/> <hr/>	<hr/> <hr/>

The above emoluments include amounts payable to the Principal (who is also the highest paid senior postholder)

	2013 £'000	2012 £'000
Salaries	140	140
Benefits in kind	6	6
Pension contributions	22	22
	<hr/>	<hr/>
	168	168
	<hr/> <hr/>	<hr/> <hr/>

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 Local Government Pension Scheme and are paid at the same rate as for other employees.

Compensation for loss of office paid to a former Senior postholder or higher paid employee

	2013 £'000	2012 £'000
Compensation paid to the former post-holders	70	65

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

Notes (continued)

8 Other operating expenses

	2013 £'000	2012 £'000
Teaching costs	2,011	1,966
Non-teaching costs	3,544	3,600
Premises costs	3,411	3,176
Total	8,966	8,742

Other operating expenses

Auditor's remuneration:

Financial statements audit: current year	33	33
Internal audit	29	27
Other services provided by external and internal audit	1	53
Hire of other assets – operating leases	69	247

9 Interest payable

	2013 £'000	2012 £'000
On bank loans, overdrafts and other loans:		
Repayable wholly or partly in less than 5 years	631	945
	631	945
On finance leases	6	16
Pension finance costs (note 25)	202	164
	839	1,125

10 Exceptional Items

A Corporate restructure occurred in 2012-13 and the staff changes are shown below:

	2013 Number	2012 Number
Number of staff leaving under the corporate restructure	57	44
	2013 £'000	2012 £'000
Cost of the corporate restructure	677	357

Notes (continued)

11 Taxation

The members of the Corporation do not believe that the College was liable for any corporation tax arising out of its activities during the year ended 31 July 2013 (2012 - £nil).

12 (Deficit)/surplus on continuing operations for the year

The deficit/(surplus) on continuing operations for the year is made up as follows:

	2013 £'000	2012 £'000
College's (deficit)/surplus for the year	(240)	53
Deficit generated by subsidiary undertakings	-	-
	<hr/>	<hr/>
	(240)	53
	<hr/> <hr/>	<hr/> <hr/>

13 Intangible fixed assets (Group and College)

The College has developed a reputation for teaching and learning around Sustainable Construction. From this the SUSCON brand has been established with the College.

The development of the SUSCON brand incurred a cost of £7,000, which is being amortised over a period of 5 years on a straight line basis.

Notes (continued)

14 Tangible fixed assets (Group and College)

	Land & Buildings Freehold £'000	Assets under Construction £'000	Equipment £'000	Total £'000
Cost or valuation				
At 1 August 2012	103,486	-	17,432	120,918
Additions	305	138	429	872
Write off of fully depreciated assets	-	-	1	1
At 31 July 2013	103,791	138	17,862	121,791
Accumulated depreciation				
At 1 August 2012	10,104	-	9,141	19,245
Charge for year	2,095	-	2,006	4,101
Write off of fully depreciated assets	-	-	(1)	(1)
At 31 July 2013	12,199	-	11,146	23,345
Net book value				
At 31 July 2013	91,592	138	6,716	98,446
At 31 July 2012	93,382	-	8,291	101,673

Land and buildings were valued for the purpose of the 1994 financial statements at depreciated replacement cost by Lawrence Hewitt Partnership, a firm of independent chartered surveyors, in accordance with the RICS Statement of Asset Valuation Practice and Guidance notes. Other tangible fixed assets inherited from the local education authority at incorporation have been valued by the Corporation on a depreciated replacement cost basis with the assistance of independent professional advice.

Land and buildings with a net book value of £4,161,553 (2012: £4,305,541) have been financed from exchequer funds through, for example, the receipt of capital grants. Should these assets be sold, the College may be liable, under the terms of the Financial Memorandum with the SFA, to surrender the proceeds.

Fixed assets include buildings with a net book value of £71,050,158 which have been partially funded by a grant from the SFA. It was anticipated that the LSC and Skills Funding Agency will provide £75,052,000 over 7 years for both the Gravesend and Dartford campuses. At 31 July 2013 £405,917 of the £52,525,089 claimed for the Dartford Campus was outstanding.

The net book value of tangible fixed assets includes an amount of £Nil (2012: £266,511) in respect of assets held under finance leases. The accumulated depreciation on these assets for the year was £Nil (2012: £227,380).

Notes (continued)

15 Investments – Group and College

	2013 £'000	2012 £'000
Investment in The Retail Academy	1	1
Total	1	1

The College has significant influence over the North West Kent College Training Trust, which is a registered charity (No 802702) and company limited by guarantee (No 02453237). The charity, in turn, owns 100% of the issued ordinary shares of North West Kent Business Services Ltd, a company incorporated in Great Britain and registered in England and Wales (No 02369960).

The Retail Academy was set up to promote training within the retail sector. The shares were purchased in April 2004, the College being one of many participating training providers involved with the Retail Academy.

The College owns 100% of the issued ordinary £1 shares of The Knowledge Warehouse Ltd, a company incorporated in Great Britain and registered in England and Wales (No 06073562). Following a review of the business, the Directors agreed to transfer the operations to the College with effect from 1 August 2012.

16 Debtors

	2013		2012	
	Group £'000	College £'000	Group £'000	College £'000
Amounts falling due within one year:				
Trade debtors	198	198	137	106
Other debtors	-	-	13	13
Prepayments and accrued income	429	429	646	646
Amounts owed by associate undertakings	-	-	-	306
Amounts owed by the Skills Funding Agency	406	406	4,687	4,687
	1,033	1,033	5,483	5,758

The Skills Funding Agency debt of £405,917 is expected to be paid within one year.

17 Creditors: Amounts falling due within one year

	2013		2012	
	Group £'000	College £'000	Group (restated) £'000	College (restated) £'000
Bank loans and overdrafts (note 19)	504	504	5,489	5,489
Obligations under finance leases (note 19)	-	-	62	62
Trade creditors	817	817	701	690
Other taxation and social security	356	356	372	350
Accruals and deferred income	2,380	2,380	1,725	1,681
Other funding body deferred income	-	-	355	355
Other creditors	701	701	416	416
	4,758	4,758	9,120	9,043

Notes (continued)

18 Creditors: Amounts falling due after more than one year

	2013		2012	
	Group £'000	College £'000	Group £'000	College £'000
Bank loans (note 19)	12,387	12,387	12,878	12,878
Long Term Insurance Liability	62	62	62	62
	<u>12,449</u>	<u>12,449</u>	<u>12,940</u>	<u>12,940</u>

19 Analysis of borrowings

Bank loans and overdrafts

	2013		2012	
	Group £'000	College £'000	Group £'000	College £'000
Bank loans and overdrafts are repayable as follows:				
In one or less	504	504	5,489	5,489
Between one and two years	701	701	687	687
Between two and five years	2,012	2,012	1,966	1,966
In five years or more	9,674	9,674	10,225	10,225
	<u>12,891</u>	<u>12,891</u>	<u>18,367</u>	<u>18,367</u>

The current bank loan consists of long term loans of £10,000,000 fixed to 2019 at 5.195%, a further £3,841,000 at 1% above 3 month LIBOR. Capital repayments on both facilities commenced in Autumn 2011. £8,500,000 from the original floating facility of £15,000,000 (for which £13,500,000 was drawn down) was repaid. The balance of £5,000,000 was paid in April 2013.

Finance leases

The net finance lease obligations to which the College is committed are:

	2013		2012	
	Group £'000	College £'000	Group £'000	College £'000
In one year or less	<u>-</u>	<u>-</u>	<u>62</u>	<u>62</u>

Finance lease obligations are secured on the assets to which they relate.

Notes (continued)

20 Provisions for liabilities

Pensions provision

	Total £'000
At 1 August 2012	26
Expenditure in the period	(7)
At 31 July 2013	19

The pensions provision relates to staff who have already left the College's employment and represents the College's commitment to their pension.

21 Deferred capital grants

Group and College

	2013 £'000	2012 £'000
At 1 August 2012	74,377	74,305
Cash received	595	2,423
Released to income and expenditure account	(2,264)	(2,351)
At 31 July 2013	72,708	74,377

Notes (continued)

22 Revaluation reserve

	Group 2013 £'000	College 2013 £'000	Group 2012 £'000	College 2012 £'000
At 1 August 2012	3,847	3,847	3,990	3,990
Transfer from revaluation reserve to income and expenditure account in respect of:				
Depreciation on re-valued assets	(143)	(143)	(143)	(143)
At 31 July 2013	3,704	3,704	3,847	3,847

23 Movement on general reserves

	Group 2013 £'000	College 2013 £'000	Group 2012 (restated) £'000	College 2012 (restated) £'000
At 1 August 2012	1,316	1,316	4,308	4,308
Prior year adjustment	-	-	(53)	(53)
At 1 August 2012 (restated)	1,316	1,316	4,255	4,255
(Deficit)/surplus retained for the year	(240)	(240)	53	53
Transfer from capital reserves	12	12	83	83
Transfer to restricted reserves	(14)	(14)	(83)	(83)
Transfer from Revaluation Reserve	143	143	143	143
Actuarial gain/(losses) in respect of pension	2,638	2,638	(3,135)	(3,135)
At 31 July 2013	3,855	3,855	1,316	1,316
Balance represented by:				
Pension reserve	(7,141)	(7,141)	(9,080)	(9,080)
Income and expenditure account reserve excluding pension reserve	10,996	10,996	10,396	10,396
	3,855	3,855	1,316	1,316

The opening reserves at 1 August 2011 have been restated following a re-assessment of retained reserves. The impact of the restatement is set out below.

	Group £'000	College £'000
Opening reserves at 1 August 2011	5,311	5,311
Prior year audit adjustments	(53)	(53)
Restated opening reserves at 1 August 2011	5,258	5,258

Notes (continued)

24 Capital Reserve

	NWK College Training Trust £'000	Total £'000
Balance at 1 August 2012	12	12
Net outgoing resources for the year	<u>(12)</u>	<u>(12)</u>
Balance at 31 July 2013	<u><u>-</u></u>	<u><u>-</u></u>

Restricted Reserve

	College £'000	Total £'000
Balance at 1 August 2012	83	83
Net incoming resources for the year	<u>14</u>	<u>14</u>
Balance at 31 July 2013	<u><u>97</u></u>	<u><u>97</u></u>

At the balance sheet date the College held £96,518 of North West Kent College Training Trust monies in a restricted reserve.

25 Pensions and similar obligations – Group & College

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 Kent County Council. Both are defined-benefit schemes.

	2012/13 £'000	2011/12 £'000
Total pension cost for the year		
Teachers Pension Scheme: contributions paid	1,038	1,061
Local Government Pension Scheme	723	696
FRS17 adjustment	<u>497</u>	<u>318</u>
Total Pension Cost for Year	<u><u>2,258</u></u>	<u><u>2,075</u></u>

The pension costs are assessed in accordance with the advice of independent qualified actuaries. The latest actuarial valuations of the TPS was 31 March 2004 and the LGPS 31 March 2010.

There were no outstanding or prepaid contributions at either the beginning or the end of the financial year.

Notes (continued)

25 Pensions and similar obligations – Group & College (continued)

Teachers' Pension Scheme

The Teachers' Pension Scheme ("TPS") is a statutory, contributory, defined benefit scheme. The regulations under which the TPS operates are the Teachers' Pensions Regulations 2010. These regulations apply to teachers in schools and other educational establishments in England and Wales maintained by local authorities, to teachers in many independent and voluntary-aided schools, and to teachers and lecturers in establishments of further and higher education. Membership is automatic for full-time teachers and lecturers and from 1 January 2007 automatic too for teachers and lecturers in part-time employment following appointment or a change of contract.

Teachers and lecturers are able to opt out of the TPS.

The Teachers' Pension Budgeting and Valuation Account

Although teachers and lecturers are employed by various bodies, their retirement and other pension benefits, including annual increases payable under the Pensions (Increase) Acts are, as provided for in the Superannuation Act 1972, paid out of monies provided by Parliament. Under the unfunded TPS, teachers' contributions on a 'pay-as-you-go' basis, and employers' contributions, are credited to the Exchequer under arrangements governed by the above Act.

The Teachers' Pensions Regulations require an annual account, the Teachers' Pension Budgeting and Valuation Account, to be kept of receipts and expenditure (including the cost of pensions' increases). From 1 April 2001, the Account has been credited with a real rate of return (in excess of price increases and currently set at 3.5%), which is equivalent to assuming that the balance in the Account is invested in notional investments that produce that real rate of return.

Valuation of the Teachers' Pension Scheme

Not less than every four years the Government Actuary ("GA"), using normal actuarial principles, conducts a formal actuarial review of the TPS. The aim of the review is to specify the level of future contributions.

The contribution rate paid into the TPS is assessed in two parts. First, a standard contribution rate ("SCR") is determined. This is the contribution, expressed as a percentage of the salaries of teachers and lecturers in service or entering service during the period over which the contribution rate applies, which if it were paid over the entire active service of these teachers and lecturers would broadly defray the cost of benefits payable in respect of that service. Secondly, a supplementary contribution is payable if, as a result of the actuarial investigation, it is found that accumulated liabilities of the Account for benefits to past and present teachers, are not fully covered by standard contributions to be paid in future and by the notional fund built up from past contributions. The total contribution rate payable is the sum of the SCR and the supplementary contribution rate.

The last valuation of the TPS related to the period 1 April 2001 - 31 March 2004. The GA's report of October 2006 revealed that the total liabilities of the Scheme (pensions currently in payment and the estimated cost of future benefits) amounted to £166,500 millions. The value of the assets (estimated future contributions together with the proceeds from the notional investments held at the valuation date) was £163,240 millions. The assumed real rate of return is 3.5% in excess of prices and 2% in excess of earnings. The rate of real earnings growth is assumed to be 1.5%. The assumed gross rate of return is 6.5%

As from 1 January 2007, and as part of the cost-sharing agreement between employers' and teachers' representatives, the SCR was assessed at 19.75%, and the supplementary contribution rate was assessed to be 0.75% (to balance assets and liabilities as required by the regulations within 15 years). This resulted in a total contribution rate of 20.5%, which translated into an employee contribution rate of 6.4% and employer contribution rate of 14.1% payable. The cost-sharing agreement also introduced – effective for the first time for the 2008 valuation – a 14% cap on employer contributions payable.

Notes (continued)

25 Pensions and similar obligations – Group & College (continued)

Scheme Changes

From 1 April 2012 to 31 March 2013, the employee contribution rate will range between 6.4% and 8.8%, depending on a member's Full Time Equivalent salary. Further changes to the employee contribution rate will be applied in 2013-14 and 2014-15.

Actuarial scheme valuations are dependent on assumptions about the value of future costs, design of benefits and many other factors. Many of these are being discussed in the context of the design for a reformed TPS, as set out in the Proposed Final Agreement, and scheme valuations are, therefore, currently suspended. The Government, however, has set out a future process for determining the employer contribution rate under the new scheme, and this process will involve a full actuarial valuation.

The Proposed Final Agreement can be found at:

<http://media.education.gov.uk/assets/files/ppt/t/tps%20proposed%20final%20agreement.pdf>

FRS 17

Under the definitions set out in Financial Reporting Standard 17 (Retirement Benefits), the TPS is a multi-employer pension scheme. The College is unable to identify its share of the underlying assets and liabilities of the scheme. Accordingly, the College has taken advantage of the exemption in FRS17 and has accounted for its contributions to the scheme as if it were a defined-contribution scheme. The College has set out above the information available on the scheme and the implications for the College in terms of the anticipated contribution rates.

Local Government Pension Scheme

The LGPS is a funded defined benefit scheme, with the assets held in separate trustee administered funds. The total contribution made for the year ended 31 July 2013 was £1,014,042 of which employer's contributions totalled £722,946 and employees' contributions totalled £291,096. The agreed contribution rates for future years are 15.6% for employers and between 5.5% and 7.5% for employees depending on their salary scale.

The following information based on a full actuarial valuation of the fund at 31 March 2010 updated to 31 July 2013 by a qualified independent actuary.

Principal Actuarial Assumptions:

	31 July 2013	31 July 2012
Inflation assumption (CPI)	2.60%	1.80%
Rate of increase in salaries	4.80%	4.00%
Rate of increase in pensions	2.60%	1.80%
Discount rate for scheme liabilities	4.80%	3.90%

The current mortality assumptions include sufficient allowance for future improvements in mortality rates.

The assumed life expectations on retirement age 65 are:

	31 July 2013	31 July 2012
Retiring today		
Males	20.1	20.0
Females	24.1	24.0
Retiring in 20 yrs		
Males	22.1	22.0
Females	26.0	25.9

Notes (continued)

25 Pensions and similar obligations – Group & College (continued)

Local Government Pension Scheme (continued)

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

	2013		2012	
	Long term rate of return expected at 31 July 2013	Value at 31 July 2013 £'000	Long term rate of return expected at 31 July 2012	Value at 31 July 2012 £'000
Equities	6.20%	13,009	5.60%	10,750
Bonds	4.30%	2,168	3.90%	1,620
Property	4.20%	1,445	3.60%	1,325
Cash	0.50%	723	3.00%	589
Guilts	3.40%	-	2.80%	147
Target Return on Portfolio	4.70%	723	4.20%	295
Total market value of assets	5.50%	18,068	5.10%	14,726
Present value of scheme liabilities				
-Funded		(25,209)		(23,805)
-Unfunded		-		(1)
Deficit in the scheme		(7,141)		(9,080)
		Year ended 31 July 2013 £'000		Year ended 31 July 2012 £'000
Analysis of the amount charged to income and expenditure				
Employer service cost (net of employee contributions)		1,140		979
Total operating charge		1,140		979
		Year ended 31 July 2013 £'000		Year ended 31 July 2012 £'000
Analysis of pension finance income				
Expected return on pension scheme assets		746		897
Interest on pension liabilities		(948)		(1,061)
Pension finance costs		(202)		(164)

Notes (continued)

25 Pensions and similar obligations – Group & College (continued)

	Year ended 31 July 2013 £'000	Year ended 31 July 2012 £'000
Amount recognised in the statement of total recognised gains and losses (STRGL)		
Actual return less expected return on pension scheme assets	2,035	(664)
Change in financial and demographic assumptions underlying the scheme liabilities	<u>603</u>	<u>(2,471)</u>
Actuarial gains (losses) recognised in STRGL	<u>2,638</u>	<u>(3,135)</u>
 Movement in deficit during year		
Deficit in scheme as at 1 August 2012	(9,080)	(5,463)
Movement in year:		
Current employer service charge	(1,140)	(979)
Employer Contributions	792	901
Net interest/return on assets	(202)	(164)
Actuarial gains (losses)	2,638	(3,135)
Settlement or curtailment	<u>(149)</u>	<u>(240)</u>
Deficit in scheme at 31 July 2013	<u>(7,141)</u>	<u>(9,080)</u>
 Asset and Liability Reconciliation		
Reconciliation of Liabilities		
	Year ended 31 July 2013	Year ended 31 July 2012 £'000
Liabilities at start of period	23,806	19,696
Service Cost	1,140	979
Interest Cost	948	1,061
Employee Contributions	294	293
Actuarial (gains) losses	(603)	2,471
Benefits paid	(525)	(934)
Losses on curtailment	<u>149</u>	<u>240</u>
	<u>25,209</u>	<u>23,806</u>

Notes (continued)

25 Pensions and similar obligations - Group & College (continued)

Reconciliation of Assets

	Year ended 31 July 2013 £'000	Year ended 31 July 2012 £'000
Assets at start of period	14,726	14,233
Expected return on assets	746	897
Actuarial (gains) losses	2,035	(664)
Employer contributions	792	901
Employee contributions	294	293
Benefits paid	(525)	(934)
	<hr/>	<hr/>
Assets at end of period	18,068	14,726
	<hr/> <hr/>	<hr/> <hr/>

The estimated value of employer contributions for the year ended 31 July 2013 is £792,000

History of experience gains and losses

	2013 £'000	2012 £'000	2011 £'000	2010 £'000	2009 £'000
Difference between the expected and actual return on assets:	2,035	(664)	(623)	1,112	(1,363)
Experience gains/(losses) on liabilities	-	-	1,001	-	1
Recognised in STRGL	2,638	(3,135)	(253)	724	(3,227)

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

	2013 £'000	2012 £'000
(Deficit)/surplus on continuing operations after depreciation of assets at valuation and tax	(240)	53
Depreciation (note 14) and amortisation (note 13)	4,101	3,803
Deferred capital grants released to income (note 21)	(2,264)	(2,351)
Interest receivable (note 5)	(23)	(11)
Interest payable (note 9)	637	961
FRS17 Pensions cost less contributions payable (notes 6 and 25)	496	318
FRS17 Pensions finance cost (note 9)	202	164
Decrease in debtors	4,450	7,865
Increase/(decrease) in creditors	685	(1,449)
Decrease in provisions	(7)	(27)
	<hr/>	<hr/>
Net cash inflow from operating activities	8,037	9,326
	<hr/> <hr/>	<hr/> <hr/>

Notes (continued)

27 Returns on investments and servicing of finance	2013	2012	
	£'000	£'000	
Interest received	23	11	
Interest paid	(631)	(945)	
Interest element of finance lease rental payment	(6)	(16)	
Net cash outflow from returns on investments and servicing of finance	(614)	(950)	
28 Capital expenditure and financial investment	2013	2012	
	£'000	£'000	
Purchase of tangible fixed assets	(872)	(3,219)	
Deferred capital grants received	595	2,423	
Net cash outflow from capital expenditure and financial investment	(277)	(796)	
29 Financing	2013	2012	
	£'000	£'000	
Debt due beyond a year:			
Repayments of amounts borrowed	5,476	4,495	
Capital element of finance lease rental payments	62	137	
Net cash inflow from financing	5,538	4,632	
30 Analysis of changes in net funds			
	31 July 2012	Cash Flows	31 July 2013
	£'000	£'000	£'000
Cash at bank and in hand	3,606	1,608	5,214
Debts due within 1 year	(5,489)	4,985	(504)
Debts due after 1 year	(12,878)	491	(12,387)
Finance leases	(62)	62	-
Total	(14,823)	7,146	(7,677)

Notes (continued)

31 Post Balance Sheet Events

There were no post balance sheet events.

32 Related Party Transactions

Due to the nature of the College's operations and the composition of the Board of Governors being drawn from local public and private sector organisations it is inevitable that transactions will take place with organisations in which a member of the Board of Governors may have an interest. All transactions involving such organisations are conducted at arms length and in accordance with the College's financial regulations and normal procurement procedures. No transactions were identified which should be disclosed under Financial Reporting Standard 8 'Related Party Disclosures'.

33 Amounts Disbursed as agent

Learner Support Funds- Group & College

	2013	Restated
	£'000	2012
		£'000
Balance b/f	252	-
Grants - hardship funds	680	570
Grants - childcare	330	189
	<u>1,010</u>	<u>759</u>
Clawback in the year	(265)	(26)
Disbursed to students	(532)	(458)
Administration costs	(27)	(23)
	<u>(559)</u>	<u>(481)</u>
Balance under spent as at 31 July, included in creditors	<u><u>438</u></u>	<u><u>252</u></u>