

Ruskin  
College

**Annual Report and Financial  
Statements**

31 July 2007

Company Limited by Guarantee  
Registration Number  
00066196 (England and Wales)

Charity Registration Number  
309701

BUZZACOTT

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### Legal status

The College is a company limited by guarantee and a registered charity. It is designated for funding by the Learning and Skills Council and it receives funding from the Higher Education Funding Council for England.

### Mission

The College's mission, as approved by its Governing Executive is:

*To provide educational opportunities to adults who are excluded and disadvantaged, and to transform the individuals concerned along with the communities, groups and societies from which they come.*

### Strategy

The Governing Executive approved a new five year strategic plan in November 2006. The strategic aims for 2007-12 are set out below. Each links with a policy document which has been approved by, and is monitored and evaluated by, the Governing Executive.

The aims are:

- To assist learners to progress into and through further and higher education, both internally and through progression accords with other institutions. (Teaching and Learning Strategy/Curriculum Strategy)
- To sustain and develop the learning support and community support offered by the College. (Learning and Support Handbook/Community and Residence Handbook)
- To strive for excellence in academic standards, supported by robust processes of quality assurance and enhancement. (Quality Handbook)
- To provide a well-managed learning environment. (ILT Strategy)
- To maintain and extend equality of opportunity and to treat all staff and students with respect and dignity. (Institutional Equality Strategy)
- To achieve financial stability and secure the long-term future of the College. (Financial Plan)
- To redevelop the built environment of the College and the landscape in which it is located so as to create a first class context for learning, living and working. (Estates Strategy)
- To bring together a focus on sustainability in the curriculum, the fabric of the College, and the life and work of the College. (Environmental Policy)
- To develop staff, the staffing structure and employment policies in order to achieve the strategic aims. (Staff Development Policy and Plan/Staff Handbook)

#### Financial objectives

The College's financial objectives are:

- The College aims to remain financially sound in order to protect itself from unforeseen adverse changes in enrolments and to generate sufficient income to enable it to maintain and improve its accommodation and equipment.
- It wishes to maintain the confidence of funders, suppliers, bankers and auditors.
- It also wishes to raise awareness among the College staff of the financial environment within which it operates.

The College made a small surplus in this financial year. This did include however a further disposal of surplus property to be added to the funds already generated for the development of the Headington campus as reported last year. The gain on the disposal of this property totalled £218,814. Since the year end, the last of these properties has been realised which brings the total proceeds to just over £2,400,000 which will fund the first stage of the development. Within the year, the College has appointed a project management company who will work closely with the College to source the appropriate skills and monitor the carefully planned stage of this exciting development for the College.

The operating loss of £183,000 was, higher than expected mainly due to a delayed income generating initiative that had an overall impact on the budgeted figures. However, prompt recognition by the Governing Executive minimised any negative effect. Ongoing attention is being given to our processes for budgeting and forecasting ensuring that openness and transparency is apparent. The Governing Executive this year allocated a small sum from the Development Fund to develop the College's marketing strategy.

**Performance indicators**

Performance targets relating to student enrolment, retention and achievement were set by the Governing Executive within the three-year development plan. The targets and the actual results for 2006/07 were as follows:

		2006/07				
		Enrolled	Enrolled	Success	Success	Success
		Actual	Target	Actual	Actual	Target
Programme		No.	No.	No.	%	%
LSC Funded	CertHE (College Based)	86	87	56	65	62
	Cert HE (Work Based)	1	1	1	100	62
	Ransackers	60	60	54	90	86
	RLP	527	500	337	64	86
	Community Short Courses	503	570	387	91	86
	Summer School	292	500	262	92	86
	Skills for Life	117	100	67	57	86
	ECDL	2	10	2	100	86
	Union Short Courses	3,612	2,206	N/A	N/A	86
Overseas	Webb/Chevening	8	10	4	100	86
HEFCE Funded	Foundation Degree Yr 1	25	28	N/A	N/A	N/A
	Foundation Degree Yr 2	17	17	12	92	62
	Foundation Degree Yr 3	1	1	1	100	62
	BA Social Work Y1 (College)	29	30	N/A	N/A	N/A
	BA Social Work Y2 (College)	22	22	N/A	N/A	N/A
	BA Social Work Y3 (College)	23	23	12	100	62
	BA Social Work (Work Based)	33	33	N/A	N/A	N/A
	DipSW (College)	3	3	1	100	62
	DipHE in Social Change	7	9	3	43	62
	DipHE in English Studies	10	9	8	80	62
	DipHE in ILTUS	6	10	1	25	62
	History MA Yr 1	8	9	N/A	N/A	N/A
	History MA Yr 2	5	5	4	100	62
	Women's Studies MA Yr 2	11	14	6	86	62
ILTUS MA Yr 1	10	10	N/A	N/A	N/A	

The College exceeded its LSC student number target, having enrolled 360 full time equivalent students against a target of 288.

**Student destinations**

In the year ended 31 July 2007, 56 students passed the Certificate of Higher Education. The College is seeking to confirm details of their next destination, and information collected to date is as follows:

	Number	%
Higher Education	26	46
Employment	2	4
Other	3	5
Unknown	25	45
Total	56	100

### Curriculum developments

The main curriculum developments during the year were:

- A new BA (Honours) degree in Social Science: Sociology, Politics and Economics was validated by the Open University Validation Service (OUVS) during the year.
- Skills for Life provision was expanded in line with LSC priorities.

Two of our awarding bodies undertook a detailed review of the College during the year. The OUVS, which validates all our higher education awards, approved the College to offer these for a full five years and ASET, which accredits all our short courses other than in our trade union partnerships, audited us with the highest grade available. Both drew out many areas for praise, such as student support.

### Governance and management

The Governing Executive has 19 members subject to any casual vacancies – 12 ordinary members, 4 staff members, 2 student members and the Principal (the number of ordinary members has been increased to 15 for 2007/08). It is elected by the College Council from its members. It meets at least four times a year. Detailed business is conducted through major committees – Audit Committee, Finance Committee, Academic Quality and Standards Committee and Search Committee. Each committee has terms of reference, which have been approved by the Governing Executive. Each committee meets at least three times a year and reports to the Governing Executive through its chair and through minutes. Minutes of meetings are available from the Clerk to the Governing Executive at the address shown below.

The Principal is the Chief Executive of the College. The roles within the Senior Management Team are the Principal, General Secretary and Dean.

The register of interests of members of the Governing Executive, Finance Committee, Audit Committee and the Senior Management Team is maintained by the Clerk to the Governing Executive. The register is updated on an annual basis. It is available for public inspection through making an appointment with the Clerk to the Governing Executive, Walton Street, Oxford, OX1 2HE; telephone number 01865 517827.

### Finance

The College generated an operating loss in the year of £183,385 (2005/06 £39,175). The total movement in funds was a positive £35,429 (2005/06 £1,417,736) due to the inclusion of an exceptional item of income of £218,814 in relation to the disposal of the garages at 28 Worcester Place.

Total income increased by 7% on 2005/06. Funding Council grants decreased by 1%. Tuition fees increased by 37%. Income from research grants and contracts decreased by 2% on prior year. Investment income increased by 98% on prior year due to the additional monies generated from the property disposal strategy.

**Finance (continued)**

Expenditure increased by 11% on 2005/06. Staff costs increased by 22% compared to 2005/06. The increased spend was mainly as a result of an increased number of courses and students and the implementation of the new pay framework. Other operating costs reduced by 6% on the previous year.

The College has no subsidiary companies.

**Staff and student involvement**

The College considers good communication with staff and students to be very important. Staff are represented on the College Council and Governing Executive as well as on College committees and boards. Staff conferences are held before the beginning of each term to consider strategic and operational issues. Staff and/or students are represented on the College Council, Governing Executive, Academic Quality and Standards Committee, Search Committee, Programme Boards, and the Health and Safety Committee, as well as the Capital Project Steering Group.

**Taxation**

The majority of the College's activities do not fall to be charged to corporation tax.

**Equal Opportunities**

A cohort analysis for 2006/2007 shows the following data on age, gender, ethnicity and disability:

	No enrolled 1 Nov 06	Average Age	Age Range	Male %	Female %	Ethnic Minority %	Disability %
Cert HE's	87	41	19-75	33	67	18	31
Ransackers	60	66	51-92	25	75	3	30
Dip HE's	23	39	22-70	61	39	13	26
BA SW	108	39	25-61	19	81	17	25
Dip SW	3	35	29-43	33	67	67	67
MA's	33	46	26-64	42	58	12	9

**Employment of disabled persons**

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 staff development and opportunities for promotion, which are identical, as far as possible, for all employees.

#### Disability statement

The College's policy is to welcome students with specific learning difficulties, such as dyslexia and dyspraxia, and/or disabilities. It aims to provide a supportive environment within which all students' educational and social potential can be nurtured and developed. The College has a tradition of offering high quality education to mature students, many of whom have experienced social or economic disadvantages. Consistent with this tradition, Ruskin College is keen to continue developing its capabilities to respond to the particular needs of students with specific learning difficulties and/or a physical disability. We are proud of our in-house provision of dyslexia assessments and of the level of student support we provide.

The College's policy and arrangements for support for students with specific learning difficulties and/or disabilities are published in the Learning and Support Handbook.

#### Planned maintenance programme

A survey on the condition of buildings was carried out during 2002. The College incorporated the results of the survey into its property strategy and its financial plans. The expenditure in 2006/07 was £68,414.

#### Health and safety

The Health and Safety Committee met each term and monitored the implementation of health and safety procedures. Gas appliances were inspected within an annual review and new certificates were issued by qualified Corgi-registered contractors. The smoking policy was reviewed and revised.

#### Advisers

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Academic Advisers	Professor Jane Aldgate Professor Alan Jenkins Professor Keith Sisson
External auditors	Buzzacott LLP 12 New Fetter Lane London EC4A 1AG
Internal auditors	Knox Cropper 16 New Bridge Street London EC4V 6AX
Bankers	The Co-operative Bank Chiltern Business Centre 2-6 Alma Street Luton LU1 2PL

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Advisers (continued)

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Solicitors	Bower and Bailey Anchor House 269 Banbury Road Oxford OX2 7JF
	Eversheds 115 Colmore Row Birmingham B3 3AL

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**Auditors**

On 30 September 2007, Buzzacott, the College's auditors, transferred their entire business to Buzzacott LLP, a limited liability partnership incorporated under the Limited Liability Partnerships Act 2000. The Governors have consented to treating the appointment of Buzzacott as auditors as extending to Buzzacott LLP

**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 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.

By order of the Governing Executive:

General Secretary

## Statement of Corporate Governance and Internal Control

### Corporate Governance

The College is committed to exhibiting best practice in all aspects of corporate governance. This summary describes the manner in which the College has applied the principles set out in the revised *Combined Code on Corporate Governance* issued by the London Stock Exchange in July 2003. Its purpose is to help the reader of the accounts understand how the principles have been applied.

In the opinion of the Governing Executive, the College complies with all the provisions of the Combined Code insofar as they apply to the Further Education Sector, and it has complied throughout the year ended 31 July 2007.

### The Governing Executive

The members who served on the Governing Executive during the period were as follows:

Name	Date of appointment	Status of appointment	Committees served
Gordon Beesley	November 2002	Ordinary member	Chair of Finance
Jan Etienne	December 2005	Ordinary member	
John Fray	November 2001	Ordinary member	
Denis Gregory	July 2002	Staff member	Finance
Debbie Hollingsworth	December 2004	Student member	
Pam Johnson	December 2004	Ordinary member	
John Lloyd	November 2001 (resigned May 2007)	Ordinary member	Vice Chair of Governing Executive; Search
Liz Mathews	November 2003	Staff member	Search
Mike McCartney	June 2006	Ordinary member	Audit
Audrey Mullender	April 2004	Principal	Finance; Search
Teresa Munby	November 1999	Staff member	Audit
David Norman	April 1997	Ordinary member	Chair of Governing Executive; Finance; Search
Carole Orgell-Rosen	November 2000	Ordinary member	Chair of Audit; Search
Anand Paltanwala	November 2006	Student member	
Pamela Roberts	December 2006	Ordinary member	
Pearl Ryall	December 2005	Ordinary member	
Paul Smith	November 1999	Ordinary member	Finance
Ed Sweeney	December 2006	Ordinary member	Finance

## Statement of Corporate Governance and Internal Control

### The Governing Executive (continued)

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

The Governing Executive 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, personnel related matters such as health and safety and environmental issues. The Governing Executive meets at least four times a year.

The Governing Executive conducts its business through a number of committees. Each committee has terms of reference, which have been approved by the Governing Executive. These committees are Finance, Search, Audit and Academic Quality and Standards Committee.

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

Ruskin College  
Walton Street  
Oxford  
OX1 2HE

The Clerk to the Governors 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 Governing Executive, 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 Governing Executive as a whole.

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

The Governing Executive has a strong and independent non-executive element and no individual or group dominates its decision making process. The Governing Executive considers that each of its non-executive members is independent of management and is required to declare 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 Chair and Principal are separate.

## Statement of Corporate Governance and Internal Control

### **Appointments to the Governing Executive**

Any new appointments to the Governing Executive are a matter for the consideration of the Council as a whole. The Governing Executive has a Search Committee, which is responsible for the selection and nomination of any new ordinary member for the Council's consideration. The Governing Executive is responsible for ensuring that appropriate training is provided as required.

Any new appointments to the Governing Executive are appointed for a term of office ordinarily lasting three years.

### **Audit Committee**

The Audit Committee comprises seven members (excluding the Principal). The Committee operates in accordance with written terms of reference approved by the Governing Executive.

The Audit Committee meets on a termly basis and provides a forum for reporting by the College's internal and external 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 Learning and Skills Council as they affect the College's business.

The College's internal auditors monitor the systems of internal control, risk management and controls and governance processes in accordance with an agreed plan of input and report their findings to management and the Audit Committee. Management is responsible for the implementation of agreed recommendations and internal audit undertake periodic follow-up reviews to ensure such recommendations have been implemented.

The Audit Committee also advises the Governing Executive on the appointment of internal and external auditors and their remuneration for both audit and non-audit work.

### **Internal control**

The Governing Executive 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 mis-statement or loss.

The Governing Executive has delegated the day-to-day responsibility to the Principal, as Accounting Officer, for maintaining a sound system of internal control that supports the achievement of the College's policies, aims and objectives, whilst safeguarding the public funds and assets for which she is personally responsible, in accordance with the responsibilities assigned to her in the Financial Memorandum between the College and the Learning and Skills Council (LSC). She is also responsible for reporting to the Governing Executive any material weaknesses or breakdowns in internal control.

## Statement of Corporate Governance and Internal Control

### **The purpose of the system of internal control**

The system of internal control is designed to manage risk to a reasonable level rather than to eliminate all risk of failure to achieve policies, aims and objectives; it can therefore only provide reasonable and not absolute assurance of effectiveness. The system of internal control is based on an ongoing process designed to identify and prioritise the risks to the achievement of College policies, aims and objectives, to evaluate the likelihood of those risks being realised and the impact should they be realised, and to manage them efficiently, effectively and economically. The system of internal control has been in place in Ruskin College for the year ended 31 July 2007 and up to the date of approval of the annual report and accounts.

### **Capacity to handle risk**

The Governing Executive 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 Governing Executive is of the view that there is a formal ongoing process for identifying, evaluating and managing the College's significant risks that has been in place for the period ending 31 July 2007 and up to the date of approval of the annual report and accounts. This process is regularly reviewed by the Governing Executive.

### **The risk and control framework**

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

- comprehensive budgeting systems with an annual budget, which is reviewed and agreed by the Governing Executive
- regular reviews by the Governing Executive 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.

## Statement of Corporate Governance and Internal Control

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 Governing Executive on the recommendation of the Audit Committee. At a minimum annually, the Head of Internal Audit (HIA) provides the Governing Executive 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

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

The Principal has been advised on the implications of the result of her 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 College 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 Governing Executive'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 November 2007 meeting, the Governing Executive carried out the annual assessment for the year ended 31 July 2007 by considering documentation from the Senior Management Team and internal audit, and taking account of events since 31 July 2007.

### Going concern

After making appropriate enquiries, the Governing Executive 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.

Signed

Signed

Date

Date

## Statement of Corporate Governance and Internal Control

Chair

Principal

## Statement of responsibilities of the Governing Executive

The Members of the Governing Executive 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 Learning and Skills Council (LSC) and the Governing Executive of the College, the Governing Executive, 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 Institutions, which give a true and fair view of the state of affairs of the College and the results for that year.

In preparing the financial statements the Governing Executive is required to:

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

Members of the Governing Executive 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 from time to time prescribe. Members of the Governing Executive must ensure that there are appropriate financial and management controls in place to safeguard public and other funds and ensure that they are used. In addition, members of the Governing Executive are responsible for securing the 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.

## Statement of responsibilities of the Governing Executive

As far as the Members of the Governing Executive are aware, there is no relevant audit information of which the charity's auditors are unaware. The Members of the Governing Executive have taken all the steps that they ought to have taken in order to make themselves aware of any relevant audit information and to establish that the charity's auditors are aware of that information.

Signed on behalf of the Governing Executive.

Chair

We have audited the financial statements of Ruskin College for the year ended 31 July 2007 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 Governing Executive, as a body, in accordance with statutory requirements. Our audit work has been undertaken so that we might state to the members of the Governing Executive, 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 College and the company's members, for our audit work, for this report, or for the opinions we have formed.

#### **Respective responsibilities of the members of the Governing Executive and auditors**

As described in the Statement of Responsibilities the College's Governing Executive is responsible for preparing the Governing Executive report and financial statements in accordance with the Statement of Recommended Practice – Accounting for Further and Higher Education, applicable law and 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 United Kingdom Auditing Standards (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 Companies Act 1985 and 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 United Kingdom Auditing Standards (UK and Ireland) issued by the Auditing Practices Board and the Audit Code of Practice issued by the Learning and Skills Council. An audit includes examination, on a test basis, of evidence relevant to amounts and disclosures in the financial statements. It also includes an assessment of the significant estimates and judgements made by the College's Corporation in the preparation of the financial statements, and of whether the accounting policies are appropriate to the College's circumstances, consistently applied and adequately disclosed.

We planned and performed our audit so as to obtain all the information and explanations which we considered necessary in order to provide us with sufficient evidence to give us reasonable assurance that the financial statements are free from material misstatement,

whether caused by fraud or other irregularity or error. In forming our opinion we also evaluated the overall adequacy of the presentation of information in the financial statements.

**Opinion**

In our opinion the financial statements give a true and fair view, in accordance with United Kingdom Generally Accepted Accounting Practice, of the state of affairs of the College as at 31 July 2007 and of the College's surplus of income over expenditure for the year then ended, and are properly prepared in accordance with the Companies Act 1985 and the Statement of Recommended Practice – Accounting for Further and Higher Education. The information given in the Governing Executive Report is consistent with the financial statements.

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

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Date

## Independent auditors' report on regularity to the members of the Governing Executive and the Learning Skills Council ('The LSC')

In accordance with the terms of our engagement letter dated 14 June 2006 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 Ruskin College ('the College') for the year ended 31 July 2007 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 members of the Governing Executive and the LSC. Our review work has been undertaken so that we might state to the members of the Governing Executive and the LSC 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 members of the Governing Executive and the LSC, for our review work, for this report, or for the opinion we have formed.

### **Respective responsibilities of the members of the Governing Executive of Ruskin College and auditors**

The College's Governing Executive 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 2007 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 2007 have been applied to purposes intended by Parliament and the financial transactions conform to the authorities which govern them.

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

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Date

## Income and Expenditure Account Year to 31 July 2007

	Notes	2007 £	2006 £
<b>Income</b>			
Funding Council grants	2	2,260,314	2,291,363
Tuition fees and education contracts	3	621,552	455,247
Research grants and contracts	4	480,293	487,823
Other income	5	803,550	709,474
Investment income	6	146,295	73,860
<b>Total income</b>		<b>4,312,004</b>	<b>4,017,767</b>
<b>Expenditure</b>			
Staff costs	7	2,915,236	2,394,326
Other operating costs	9	1,328,949	1,407,523
Depreciation	12	239,863	240,356
Interest payable	10	11,341	14,737
<b>Total expenditure</b>		<b>4,495,389</b>	<b>4,056,942</b>
Deficit on continuing operations after depreciation of fixed assets at valuation and before disposal of fixed assets		(183,385)	(39,175)
Gain on disposal of fixed assets	12	218,814	1,456,911
Surplus on continuing operations after depreciation of fixed assets at valuation and disposal of fixed assets		35,429	1,417,736

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

## Statement of historical cost surpluses Year to 31 July 2007

	2007 £	2006 £
Surplus on continuing operations after depreciation of fixed assets at valuation and disposal of fixed assets	35,429	1,417,736
Difference between historical cost depreciation and the actual charge for the year calculated on the revalued amount	161,565	441,060
<b>Historical cost surplus for the year</b>	<b>196,994</b>	<b>1,858,796</b>

Statement of total recognised gains and losses Year to 31 July 2007

	Notes	2007 £	2006 £
<b>Surplus on continuing operations after depreciation of fixed assets at valuation and disposal of fixed assets</b>		<b>35,429</b>	<b>1,417,736</b>
Revaluation of listed fixed asset investments to market values	13	68,446	32,272
<b>Total recognised gains relating to the year</b>		<b>103,875</b>	<b>1,450,008</b>
<b>Reconciliation</b>			
Opening reserves at 1 August		10,077,221	8,627,213
Total recognised gains for the year		103,875	1,450,008
<b>Closing reserves at 31 July</b>		<b>10,181,096</b>	<b>10,077,221</b>

Balance sheet 31 July 2007

	Notes	2007 £	2007 £	2006 £	2006 £
<b>Fixed assets</b>					
Tangible assets	12		7,724,820		7,467,995
Investments	13		523,285		439,709
<b>Total fixed assets</b>			<b>8,248,105</b>		<b>7,907,704</b>
<b>Current assets</b>					
Stocks		11,984		9,017	
Debtors	14	365,923		517,543	
Short term deposits	15	2,241,984		2,459,260	
Cash at bank and in hand	15	224,584		18,142	
<b>Total current assets</b>		<b>2,844,475</b>		<b>3,003,962</b>	
<b>Creditors: amounts falling due within one year</b>	16	<b>(561,300)</b>		<b>(553,430)</b>	
<b>Net current assets</b>			<b>2,283,175</b>		<b>2,450,532</b>
<b>Total assets less current liabilities</b>			<b>10,531,280</b>		<b>10,358,236</b>
<b>Creditors: amounts falling due after one year</b>	17		<b>(15,767)</b>		<b>(24,329)</b>
<b>Net assets</b>			<b>10,515,513</b>		<b>10,333,907</b>
<b>Deferred capital grants</b>	19		<b>334,417</b>		<b>256,686</b>
<b>Reserves</b>					
Revaluation reserve	20	5,513,865		5,675,430	
Capital reserve		2,003,636		1,606,094	
Revenue reserve		1,679,733		1,882,464	
Development fund	21	448,934		461,881	
Scholarship, bursary and prize funds	22	534,928		451,352	
			<b>10,181,096</b>		<b>10,077,221</b>
<b>Total</b>			<b>10,515,513</b>		<b>10,333,907</b>

The financial statements on pages 20 to 38 were approved by the Governing Executive on 16 November 2007 and were signed on its behalf by:

Chair

Principal

## Cash flow statement Year to 31 July 2007

	Notes	2007 £	2007 £	2006 £	2006 £
<b>Net cash inflow from operating activities</b>	23		71,201		97,107
<b>Returns on investments and servicing and finance</b>					
Investment income		146,295		73,860	
Interest element of finance lease payments		(11,341)		(14,737)	
<b>Net cash inflow from returns on investments and servicing of finance</b>			134,954		59,123
<b>Capital expenditure and financial investment</b>					
Purchase of tangible fixed assets		(529,777)		(316,858)	
Purchase of investments		(15,130)		(12,541)	
Proceeds from disposal of tangible fixed assets		250,000		1,795,000	
Deferred capital grants received		97,823		32,861	
<b>Net cash outflow from capital expenditure and financial investment</b>			(197,084)		1,498,462
<b>Net cash inflow before financing</b>			9,071		1,654,692
<b>Financing activities</b>					
Capital element of financial lease		(19,905)		(22,897)	
<b>Cash outflow from financing activities</b>			(19,905)		(22,897)
<b>Net (decrease) increase in cash</b>	24		(10,834)		1,631,795

### Reconciliation of net cash flow to movement in net funds

	2007 £	2006 £
(Decrease) increase in cash in the period	(10,834)	1,631,795
Cash outflow from lease financing	19,905	22,897
Change in net funds resulting from cash flows	9,071	1,654,692
Cancelled finance leases	—	7,859
New finance leases	(6,367)	(19,374)
Movement in net funds in the period	2,704	1,643,177
Net funds at 1 August 2006	2,433,952	790,775
Net funds at 31 July 2007 (note 24)	2,436,656	2,433,952

#### **Basis of preparation**

These financial statements have been prepared in accordance with the Statement of Recommended Practice 2003 (SORP): Accounting in Further and Higher Education Institutions and in accordance with applicable Accounting Standards. They conform to guidance published by the Learning and Skills Council in the Financial statements Direction Handbook.

Without limiting the information given, the financial statements meet the accounting and disclosure requirements of the Companies Act and accounting standards or adopted by the Accounting Standards Board or so far as those requirements are appropriate. In order to present a true and fair view, the College has not followed the provisions of the Companies Act 1985 regarding the format of financial statements where these are not appropriate to the College's activities.

#### **Basis of accounting**

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

#### **Recognition of income**

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

Income from research grants, contracts and other services rendered is included to the extent of the completion of the contract of service concerned. This is generally equivalent to the sum of the relevant expenditure incurred during the year and any related contributions towards overhead costs. All income from short-term deposits is credited to the income and expenditure account in the period in which it is earned.

The recurrent grants 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. Any under-achievement against this planned activity is adjusted in-year and reflected in the level of recurrent grant recognised in the income and expenditure account.

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.

#### **Maintenance of premises**

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

#### Pension schemes

Retirement benefits to employees of the College are provided by the Universities Superannuation Scheme (USS) and the University of Oxford Staff Pension Scheme (OSPS). These are defined benefit schemes which are externally funded and contracted out of the State Earnings Related Pension Scheme. Contributions to the schemes are charged to the income and expenditure account so as to spread the cost of pensions over employees' working lives with the College in such a way that the pension cost is a substantially level percentage of current and future pensionable payroll costs. Variations from regular costs are spread over the expected average remaining working lifetime of members of the schemes after making allowances for further withdrawals. The contributions are determined by qualified actuaries on the basis of triennial valuations using the projected unit method for the OSPS, and on the basis of quinquennial valuations, using a prospective method for the USS.

#### Tangible fixed assets

##### *a. Land and buildings*

Land and buildings are stated in the balance sheet at a 1994 valuation on the basis of depreciated replacement cost or where appropriate, open market value. 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 acquired since the last valuation 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 of 50 years. Leasehold land and buildings are amortised over 50 years or, if shorter, the period of the lease.

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 assets on a basis consistent with the depreciation policy.

Finance costs which are directly attributable to the construction of land and buildings are capitalised as part of the cost of those assets.

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

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

#### Tangible fixed assets (continued)

##### *b. 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.

All equipment is depreciated over its useful economic life as follows:

- ◆ Fixtures and fittings - 12.5% per annum on cost
- ◆ Computer equipment - 25% per annum on cost

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 that transfer to the College substantially all the benefits and risks of ownership of an asset are treated as if the asset has 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 the equivalent owned assets. Assets that are held under hire purchase contracts that have the characteristics of finance leases are depreciated over their useful lives.

#### Investments

Listed fixed asset investments are included in the balance sheet at market value.

Fixed asset investments that are not listed on a recognised stock exchange are carried at historical cost less any provision for impairment in their 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 stock.

#### **Taxation**

As a charity, the College is exempt from taxation in respect of income or capital gains received within categories covered by section 505 of Income and Corporation Taxes Act 1988 or section 256 of Chargeable Gains Act 1992, to the extent that such income or gains are applied to exclusively charitable purposes.

The College is exempted from levying VAT on most of the services it provides to students. For this reason, the College is generally unable to recover input VAT it suffers on goods and services purchased.

#### **Liquid resources**

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

#### **Provisions**

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

#### **Reserves**

The capital reserve comprises the net book value of the College's land and buildings, less the balance on the revaluation reserve.

Notes to the financial statements 31 July 2007

**1 Status of company**

Ruskin College is a company limited by guarantee. The liability of members in the event of a winding up is limited by guarantee to an amount not exceeding £1 per member.

**2 Funding Council grants**

	Learning and Skills Council £	Higher Education Funding Council £	2007 £	2006 £
Recurrent grant	1,541,527	698,695	2,240,222	2,276,226
Release of deferred capital grants (note 19)	20,092	—	20,092	15,137
<b>Total</b>	<b>1,561,619</b>	<b>698,695</b>	<b>2,260,314</b>	<b>2,291,363</b>

**3 Tuition fees and education contracts**

	2007 £	2006 £
UK Higher Education students	225,495	164,064
European Union (EU) students	339,808	244,839
Non-European Union students	56,249	46,344
<b>Total fees paid by or on behalf of individual students</b>	<b>621,552</b>	<b>455,247</b>

**4 Research grants and contracts**

	2007 £	2006 £
Grants and contracts	480,293	487,823

**5 Other income**

	2007 £	2006 £
Catering and residence operations	624,494	587,203
Donations	34,471	19,075
Other income	85,174	40,261
Residential Colleges Committee Awards Scheme	59,411	62,935
<b>Total</b>	<b>803,550</b>	<b>709,474</b>

**6 Investment income**

	2007 £	2006 £
Interest receivable	131,165	61,319
Income from investments	15,130	12,541
<b>Total</b>	<b>146,295</b>	<b>73,860</b>

**7 Staff costs**

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

	2007 Number of employees	2006 Number of employees
Teaching departments	27	22
Teaching support services	14	14
Other support services	2	2
Premises	3	3
Administration and central services	14	13
Catering and residences	22	20
	<b>82</b>	<b>74</b>

	2007 £	2006 £
<b>Staff costs for the above persons:</b>		
Teaching departments	1,381,392	1,092,698
Teaching support services	482,988	398,454
Other support services	57,268	53,750
Administration and central services	556,312	463,916
Premises	63,354	64,828
Catering and residences	373,922	320,680
	<b>2,915,236</b>	<b>2,394,326</b>

	2007 £	2006 £
Staff costs were as follows:		
Wages and salaries	2,418,225	2,029,932
Social security costs	178,136	155,724
Other pension costs	318,875	208,670
	<b>2,915,236</b>	<b>2,394,326</b>
Employment costs for staff on permanent contracts	2,585,315	2,139,597
Employment costs for staff on short-term and temporary contracts	329,921	254,729
	<b>2,915,236</b>	<b>2,394,326</b>

7 Staff costs (continued)

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

	2007		2006	
	Number Senior-post-holders	Number Other staff	Number Senior-post-holders	Number Other staff
£50,001 - £60,000	2	—	2	—
£60,000 - £70,000	1	—	1	—

The following pay awards were approved by the Governing Executive and paid during the year:

	1 August 2006	1 February 2007
Academic/Academic Related	3.00%	1.00%
Clerical	3.00%	1.00%
Domestic	3.00%	1.00%
Technical	3.00%	1.00%

8 Senior post-holders' emoluments

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

	Number 2007	Number 2006
The number of senior post-holders including the principal was	3	3

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

	2007 £	2006 £
Salary	157,956	150,870
Pension contributions	22,114	21,122
<b>Total emoluments</b>	<b>180,070</b>	<b>171,992</b>

The above emoluments include amounts payable to the Principal (0.8 full time equivalent) as follows:

	2007 £	2006 £
Salary	59,233	56,346
Pension contributions	8,293	7,888
<b>Total</b>	<b>67,526</b>	<b>64,234</b>

**8 Senior post-holders' emoluments (continued)**

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

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

Senior post-holders, including the Principal received a pay increase in line with the general pay award. No bonuses or other salary enhancements were awarded to senior post-holders or other higher paid staff.

**Overseas activities**

No overseas travel or other costs were incurred by any senior post-holders, other higher paid staff or members of the Governing Executive during the financial year.

**9 Other operating expenses**

	2007 £	2006 £
Teaching departments	378,823	536,877
Teaching support services	45,662	55,820
Other support services	4,941	26,130
Administration and central services	445,154	364,213
Premises costs	217,820	244,700
Planned maintenance	68,414	42,421
Catering and residence operations	168,135	137,362
	<u>1,328,949</u>	<u>1,407,523</u>

Other operating expenses include auditors' remuneration:

External audit		
. Current year	15,510	18,935
. Prior year	—	2,341
Internal audit	8,871	7,579
Other services - external auditors	3,995	3,200
	<u>28,376</u>	<u>32,055</u>

Despite an increase in teaching department activity in comparison to the prior year, teaching department costs above have decreased. This is due to the inclusion of both recurring and non-recurring expenditure. For example, teaching department costs as shown above for the year ended 31 July 2006 include consultancy and development costs of £152,000. For the year ended 31 July 2007, such costs amounted to only £23,000.

**10 Interest payable**

	2007 £	2006 £
On finance leases	<b>11,341</b>	<b>14,737</b>

**11 Taxation**

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

**12 Tangible fixed assets**

	Freehold land and buildings £	Computer equipment £	Fixtures and fittings £	Total £
<b>Cost or valuation</b>				
At 1 August 2006	8,411,748	483,887	268,617	<b>9,164,252</b>
Additions	440,430	65,611	23,736	<b>529,777</b>
Disposals	(36,333)	(10,274)	—	<b>(46,607)</b>
At 31 July 2007	<b>8,815,845</b>	<b>539,224</b>	<b>292,353</b>	<b>9,647,422</b>
<b>Depreciation</b>				
At 1 August 2006	1,130,193	389,904	176,160	<b>1,696,257</b>
Charge for year	173,298	40,497	26,068	<b>239,863</b>
Eliminated in respect of disposals	(5,147)	(8,371)	—	<b>(13,518)</b>
At 31 July 2007	<b>1,298,344</b>	<b>422,030</b>	<b>202,228</b>	<b>1,922,602</b>
<b>Net book values</b>				
At 31 July 2007	<b>7,517,501</b>	<b>117,194</b>	<b>90,125</b>	<b>7,724,820</b>
At 31 July 2006	<b>7,281,555</b>	<b>93,983</b>	<b>92,457</b>	<b>7,467,995</b>
Financed by capital grants	273,675	40,885	19,857	<b>334,417</b>
Other	7,243,826	76,309	70,268	<b>7,390,403</b>
<b>Net book value at 31 July 2007</b>	<b>7,517,501</b>	<b>117,194</b>	<b>90,125</b>	<b>7,724,820</b>

In implementing FRS 15 Tangible Fixed Assets the transitional rules have been applied and consequently the book values at the date of implementation have been retained.

Land and buildings were valued in 1994 at depreciated replacement cost by a firm of independent chartered surveyors. The historical cost of the freehold land and buildings at 31 July 2007 was £2,216,097 (2006 - £1,812,000).

The net book value of tangible fixed assets includes an amount of £30,124 (2006 - £43,450) in respect of assets under finance leases. The depreciation on these assets for the year was £19,905 (2006 - £25,656).

**12 Tangible fixed assets (continued)**

The College disposed of one freehold building in the year, realising gross proceeds of £250,000, and generating a gain on disposal of £218,814.

**13 Investments**

	2007 £	2006 £
Listed investments (see below)	493,235	410,302
Long term deposits	30,050	29,407
	<b>523,285</b>	<b>439,709</b>

  

	2007 £	2006 £
<b>Listed investments</b>		
Balance at 1 August 2006	410,302	365,489
Investment income re-invested	14,487	12,541
Net investment gain	68,446	32,272
Balance at 31 July 2007	<b>493,235</b>	<b>410,302</b>

The listed investments consist of 290,994 units of the ISIS Stewardship Income Fund.

**14 Debtors**

	2007 £	2006 £
<b>Due within one year</b>		
Trade debtors	290,943	357,786
Other debtors	45,668	141,636
Prepayments and accrued income	29,312	18,121
	<b>365,923</b>	<b>517,543</b>

**15 Short term investments**

	2007 £	2006 £
Cash at bank and in hand	224,584	18,142
Short term deposits	2,241,984	2,459,260
	<b>2,466,568</b>	<b>2,477,402</b>

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

	2007 £	2006 £
Obligations under finance leases	14,145	19,121
Trade creditors	189,599	230,677
Accruals and deferred income	252,276	204,070
Other creditors	49,929	43,913
Other taxation and social security	55,351	55,649
	<b>561,300</b>	<b>553,430</b>

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

	2007 £	2006 £
Obligations under finance leases	15,767	24,329

**18 Analysis of borrowings of the College**

**Finance leases**

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

	2007 £	2006 £
In one year or less	14,145	19,121
Between one and five years	15,767	24,329
	<b>29,912</b>	<b>43,450</b>

**19 Deferred capital grants**

	2007 £	2006 £
At 1 August 2006	256,686	152,119
Cash received	97,823	32,861
Funds due but not received	—	86,843
Released to income and expenditure account	(20,092)	(15,137)
<b>At 31 July 2007</b>	<b>334,417</b>	<b>256,686</b>

Deferred grant funding was received from the Learning and Skills Council during the year and related to improvements to disabled access at Ruskin Hall.

## 20 Reserves

	Revaluation reserve – buildings £	Capital reserve £	Revenue reserve £	Develop- ment fund (note 21) £	Scholarship bursary & prize funds (note 22) £	Total £
At 1 August 2006	5,675,430	1,606,094	1,882,464	461,881	451,352	10,077,221
Transfers	(30,211)	397,542	(369,514)	(12,947)	15,130	—
Revaluation of investments to market value	—	—	—	—	68,446	68,446
Surplus of income over expenditure	—	—	35,429	—	—	35,429
Transfer of depreciation on revalued property	(131,354)	—	131,354	—	—	—
At 31 July 2007	5,513,865	2,003,636	1,679,733	448,934	534,928	10,181,096

## 21 Development fund

	2007 £	2006 £
At 1 August 2006	461,881	457,416
Transfer from income and expenditure account	(12,947)	4,465
At 31 July 2007	448,934	461,881

The development fund represents the unspent balance of a bequest received during 1999, which the Governing Executive has designated for future development of the College.

## 22 Scholarship, bursary and prize funds

	2006 £	2005 £
At 1 August 2006	451,352	407,528
Appreciation of fixed asset investments	68,446	32,272
Interest, donations and allocations	15,130	13,372
Awards, prizes and grants	—	(1,820)
At 31 July 2007	534,928	451,352

## 23 Reconciliation of operating surplus to net cash inflow from operating activities

	2007 £	2006 £
Surplus on continuing operations after depreciation of assets	35,429	1,417,736
Depreciation (note 12)	239,863	240,356
Profit on disposals	(216,911)	(1,478,624)
Deferred capital grant released to income (note 19)	(20,092)	(15,137)
Interest payable (note 10)	11,341	14,737
Investment income	(146,295)	(73,860)
Scholarship, bursary and prize funds	—	—
(Increase) in stock	(2,967)	(1,652)
Decrease (increase) in debtors	151,620	(230,922)
Increase in creditors	19,213	224,473
Net cash inflow from operating activities	71,201	97,107

**24 Analysis of changes in net funds**

	At 1 August 2006 £	Cash flows £	Other changes £	At 31 July 2007 £
Short term deposits	2,459,260	(217,276)	—	2,241,984
Cash at bank and in hand	18,142	206,442	—	224,584
	<u>2,477,402</u>	<u>(10,834)</u>	<u>—</u>	<u>2,466,568</u>
Finance leases	(43,450)	26,264	(12,726)	(29,912)
	<u>2,433,952</u>	<u>15,430</u>	<u>(12,726)</u>	<u>2,436,656</u>

**25 Operating lease commitments**

The College had no annual commitments under non-cancellable operating leases at the end of the current year or in the previous year.

**26 Related party transactions**

Owing to the nature of the College's operations and the composition of the Governing Executive membership (being drawn from trade union and labour organisations), it is inevitable that transactions will take place with organisations in which a member of the Governing Executive may have an interest. All transactions involving organisations in which a member of the Governing Executive may have an interest 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 Transactions".

**27 Pensions**

Employees of Ruskin College are eligible to be members of either the Universities Superannuation Scheme ('USS') or the University of Oxford Staff Pension Scheme ('OSPS'), both of which provide defined retirement benefits. The assets of both schemes are held separately from those of the College in trustee administered funds. The contributions and annual pension costs are determined by independent qualified actuaries on the basis of triennial valuations using the aggregate method.

27 Pensions (continued)

USS

*The Universities Superannuation Scheme*

The College participates in the Universities Superannuation Scheme (USS), a defined benefit scheme which is externally funded and contracted out of the State Second Pension (S2P). The assets of the scheme are held in a separate trustee-administered fund. The College is unable to identify its share of the underlying assets and liabilities of the scheme on a consistent and reasonable basis and therefore, as required by FRS 17 "Retirement benefits", account for the scheme as if it were a defined contribution scheme. As a result, the amount charged to the income and expenditure account represents the contributions payable to the scheme in respect of the accounting period.

The latest actuarial valuation of the scheme was at 31 March 2005. The assumptions which have the most significant effect on the result of the valuation are those relating to the rate of return on investments (i.e. the valuation rate of interest) and the rates of increase in salaries and pensions. In relation to the past service liabilities the financial assumptions were derived from market yields prevailing at the valuation date. It was assumed that the valuation rate of interest would be 4.5% per annum, salary increases would be 3.9% per annum (plus an additional allowance for increases in salaries due to age and promotion in line with recent experience) and pensions would increase by 2.9% per annum. In relation to the future service liabilities it was assumed that the valuation rate of interest would be 6.2% per annum, including an additional investment return assumption of 1.7% per annum, salary increases would be 3.9% per annum (also plus an allowance for increases in salaries due to age and promotion) and pensions would increase by 2.9% per annum. The valuation was carried out using the projected unit method.

At the valuation date, the value of the assets of the scheme was £21,740 million and the value of the past service liabilities was £28,308 million, indicating a deficit of £6,568 million. The assets therefore were sufficient to cover 77% of the benefits which had accrued to members after allowing for expected future increases in earnings.

The institution contribution rate required for future service benefits alone at the date of the valuation was 14.3% of pensionable salaries but the trustee company decided to maintain the institution contribution rate at 14% of pensionable salaries.

Surpluses or deficits which arise at future valuations may impact on the institution's future contribution commitment. An additional factor which could impact the funding level of the scheme is that with effect from 16 March 2006, USS positioned itself as a "last man standing" scheme so that in the event of the insolvency of any of the participating employers in USS, the amount of any pension funding shortfall (which cannot otherwise be recovered) in respect of that employer will be spread across the remaining participant employers and reflected in the next actuarial valuation of the scheme.

## 27 Pensions (continued)

### USS (continued)

The next formal triennial actuarial valuation is due as at 31 March 2008. There was also an actuarial valuation carried out as at 31 March 2007 and this will take place annually thereafter on the “technical provisions” basis under the Pensions Act 2004, as required by the Occupational Pension Schemes (Cross-Border Activities) Regulations 2005, reflecting the scheme’s status as a cross-border scheme. The contribution rate will be reviewed as part of each valuation.

The total pension cost for the College in relation to this scheme was £237,317 (2006: £149,872). There were no outstanding contributions at the balance sheet date. The contribution rate payable by the institution was 14% of pensionable salaries.

### *Oxford Staff Pension Scheme*

The College participates in the Oxford Staff Pension Scheme (OSPS), a defined benefit scheme. The scheme is a multi-employer scheme. The assets of the scheme are held in a separate trustee-administered fund. The institution is unable to identify its share of the underlying assets and liabilities of the scheme on a consistent and reasonable basis and therefore, as required by FRS 17 “Retirement benefits”, accounts for the scheme as if it were a defined contribution scheme. As a result, the amount charged to the income and expenditure account represents the contributions payable to the scheme in respect of the accounting period.

The latest actuarial valuation of the scheme was at 31 July 2004 using the market based approach. The assumptions which have the most significant effect on the result of the valuation are those relating to the rate of return on investments (i.e. the valuation rate of interest) and the rates of increase in salary and pensions. In relation to the past service liabilities the financial assumptions were derived from market yields prevailing at the valuation date. It was assumed that the investment returns would be 4.95% per annum, salary increases would average 4.4% per annum and future pensions would increase at a rate of 3% per annum. The long term contribution rate is 15.8% of pensionable salaries. At the date of the latest actuarial valuation the market value of the assets of the scheme was £166.9 million and the actuarial value of the assets was sufficient to cover 76% of the benefits that had accrued to members allowing for expected future increases in earnings. In order to eliminate the funding deficit, employers’ contributions increased to 17.5% of pensionable salary with effect from 1 August 2005 and will rise to 21.5% of pensionable salary for the 17 years from 1 August 2008.

The total pension cost for the College in relation to this scheme was £81,559 (2006: £77,067). The contribution rate payable by the institution was 17.5% of pensionable salaries.

Notes to the financial statements 31 July 2007

**28 Access funds**

	HEFCE £	LSC £	2007 £	2006 £
Balance unspent at 1 August 2006	12,049	13,389	25,438	(2,818)
Funding Council grants	8,650	16,454	25,104	63,153
	20,699	29,843	50,542	60,335
Disbursed to students	(23,686)	(15,127)	(38,813)	(32,454)
Administration fee	(260)	(823)	(1,083)	(2,443)
Balance unspent at 31 July 2007	(3,247)	13,893	10,646	25,438

The above Funding Council grants are available solely for students: the College acts only as paying agent. The grants and related disbursements are therefore excluded from the income and expenditure account.

**29 Post balance sheet events**

There were no significant post balance sheet events.

**30 Exceptional item**

One property was disposed of during the year, as detailed below. The proceeds will be retained for future capital expenditure.

	(Garages) Worcester Place £
Disposal proceeds	250,000
Net book value	(30,771)
Profit on disposal	219,229
Professional fees	(415)
Net profit on disposal	218,814

**31 Capital commitments**

	2007 £	2006 £
Commitments contracted for at 31 July		
. Stoke House	—	136,080

**31 Capital commitments (continued)**

Redevelopment of Headington Campus

At its meeting on 7 July 2006, the Governing Executive approved an outline of a staged approach to the redevelopment of the Headington Campus in order for the College to be based on one main site whilst retaining a reduced city centre presence in order to facilitate outreach and recruitment of students. The most recent estimate of the overall cost of the project is in the region of £18 million. It is envisaged that this will be funded through a combination of the sale of other College properties, borrowing in line with LSC guidance on capital projects, and a bid to the LSC for capital funding, although alternative sources of finance are also currently under consideration.