



Annual Report and Financial Statements

31 July 2008

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

Charity Registration Number
309701

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Nature, objectives and strategies

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.

Implementation of strategic plan

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)

The College is on target for achieving these objectives.

Operating and financial review - year to 31 July 2008

Strategic objectives

The College's specific objectives within the development plan for 2007-08 and achievement of these objectives is addressed below:

- Strive to raise standards to excellent across the board – good grades across the board awarded by Ofsted at inspection in October 2007
- Continue to prioritise progression routes into and through the CertHE programme – achieved through curriculum developments within FE and HE
- Increase use of Intranet as the College's managed learning environment – achieved with introduction of new Intranet
- Use monitoring to maintain emphasis on equality and diversity – developed through the College's committees and the Intranet
- Diversify income streams and achieve savings – income increased by 5% from the previous year, though expenditure increased in line with this
- Achieve planning permission for 'master' plan for Old Headington site – achieved
- Roll out sustainability across the curriculum and prioritise in the redevelopment plans – achieved through curriculum developments and in plan to redevelop the College.

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.

Performance indicators

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

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

In 2007-08 the College exceeded all its learner number targets, including the adult basic skills learner number target, and its LSC funding target.

The LSC is also moving towards a new system of performance measures for colleges, the "Framework for Excellence". This Framework is intended to be implemented across Specialist Designated Institutions, including Ruskin College, in 2009-10 and in the intervening period, pilot institutions are developing the measures to be employed. The College will be monitored against the draft measures alongside the existing measures. The Framework has three dimensions:

- responsiveness
- effectiveness
- finance

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

The College is committed to observing the importance of the measures and indicators within the draft Framework and is monitoring these through the completion of the annual Finance Record for the LSC. As benchmarks develop so the College will be better placed to take appropriate action in the light of the overall performance rating. The current rating of Good is considered an acceptable outcome.

Financial Position

Financial results

The College made a loss on the Income & Expenditure Account in this financial year of £21,127. This figure includes a negative impairment figure of £187,365 and a positive figure of £332,836 relating to the remaining planned profit on disposal of assets. These assets have been disposed of over the last three years to provide funds to finance the planning of the development at the Headington site.

The operating deficit this year was £166,598 this was very near to the budgeted loss expectation. We have set a planned budget deficit for this year 2008/09 of £110,000. It is hoped that the following year we are able to reduce this loss even further to around £50,000. The financial objective is to be able to operate within a balanced budget framework, as this is the only sustainable option for the College, and we aim to achieve this by 2012.

Income

Income was 5% up in total from the previous year. Funding grants increased by 8% over the previous year, we did in addition recover £36,000 from HEFCE as a result of our student registration numbers. Tuition fees increased by 44% as student numbers rose and most HE students paid the higher fee. Research grants and contracts were lower than the previous year due to a number of partnerships finishing the contracted periods of work. Other income includes the residence and catering operations that was below budget. This area is a prime example of how the development of the Headington site will improve the financial results for this area of Ruskin's operations.

Expenditure

Expenditure increased by 4% in total. Staff costs were 0.5% up from the previous year. Other operating costs increased by 11%. Every effort is being made throughout the College to ensure that we control these areas of spend as we work to achieve a balanced budget.

Taxation

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

Operating and financial review - year to 31 July 2008

Treasury policies and objectives

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

The College has separate treasury management procedures in place in its Financial Regulations. Short term borrowing for temporary revenue purposes is authorised by the Principal. Such arrangements are restricted by limits in the Financial Memorandum with the LSC. All other borrowing requires the authorisation of the Governing Executive and shall comply with the requirements of the Financial Memorandum of the LSC.

Cash flows

The cash outflow from operating activities was £356,360. The net decrease in cash was £121,665, which has been resulted mainly from increased purchase of fixed assets.

Liquidity

The current ratio gives an indication of a college's ability to meet its short-term debt (within one year) using cash and money owed to the College. A ratio of greater than 1 would indicate that the College has the liquidity to meet its short-term obligations. Ruskin College had a current ratio of greater than 2. In calculating the available cash, the funds held on deposit from property sales which are earmarked for the capital project have been excluded.

Current and future developments

Student numbers and achievements

Performance targets relating to student enrolment and success were set by the Governing Executive within the three-year development plan. The targets and the actual results for 2007/08 were as follows:

	2007/08					
	Programme	Enrolled	Enrolled	Success	Success	Success
		Actual	Target	Actual	Actual	Target
		No.	No.	No.	%	%
LSC Funded	CertHE (College Based)	106	120	49	67	62
	Ransackers	50	60	48	96	86
	RLP	305	230	218	71	86
	Community S/Courses	844	1,005	759	90	86
	Skills for Life	101	150	82	81	86
	ECDL	19	19	2	18	86
	Union Short Courses	3,186	2,065	3,184	100	86
	Other Short Courses	14	14	1	7	86
Overseas	Webb/Chevening	4	4	2	67	86

HEFCE Funded	Foundation Degree Yr 1	38	39	N/A	N/A	N/A
	Foundation Degree Yr 2	20	28	5	71	62
	Foundation Degree Yr 3	7	7	6	100	62
	BA Social Work Yr 1 (College)	38	43	N/A	N/A	N/A
	BA Social Work Yr 2 (College)	29	29	N/A	N/A	N/A
	BA Social Work Yr 3 (College)	20	23	6	86	62
	BA Social Work Yr 4 (College)	11	11	8	100	62
	BA Social Work (Work Based)	33	15	13	93	62
	Dip SW (College)	2	2	1	50	62
	DipHE in English Studies	14	10	10	71	62
	DipHE in Social Sciences	20	9	4	29	62
	DipHE in ILTUS	6	10	2	100	62
	BA Year 3 in English Studies	8	6	7	88	62
	BA Year 3 in Social Sciences	10	6	5	71	62
	BA Year 3 in ILTUS	2	6	1	50	62
	History MA Yr 2	7	6	7	100	62
	Women's Studies MA Yr 1	10	14	N/A	N/A	N/A
ILTUS MA Yr 2	9	9	N/A	N/A	62	

The College exceeded its LSC student number target, having enrolled 359 full time equivalent students against a target of 288.

Operating and financial review - year to 31 July 2008

Curriculum developments

During the year, new BAs in History with Social Science and in Youth and Community Work were validated by the Open University Validation Services. The third year of the Youth and Community Work degree was designed so as to offer direct entry to holders of qualifications gained through two-year Diploma or Foundation Degree routes, either at Ruskin or elsewhere. This brought the total of BAs running at Ruskin to six, alongside three MAs. All are designed and delivered at Ruskin, not franchised from a university.

Planning took place over some months to open a new TUC Centre in autumn 2008, offering TUC courses to local trade unionists. The partnership with the General Federation of Trade Unions continued to operate strongly, with courses offered by Ruskin tutors in many parts of the country. A highly successful short course programme in the Humanities and Social Sciences culminated in an intensive Summer School in July, with a record number of students booking for more than one course during their stay.

Payment performance

The Late Payment of Commercial Debts (Interest) Act 1998, which came into force on 1 November 1998, requires colleges, in the absence of agreement to the contrary, to make payments to suppliers within 30 days of either the provision of goods or services or the date on which the invoice was received. The target set by the Treasury for payment to suppliers within 30 days is 95 per cent. During the accounting period 1 August 2007 to 31 July 2008, the College paid over 95 per cent of its invoices within 30 days. The College incurred no interest charges in respect of late payment for this period

Future developments

The plan to redevelop the College on the Headington site over the next three years took real shape over the year. Architects were appointed to design the new dining hall, with three other new builds to follow for residential and academic purposes. A number of pieces of peripheral property that, in the main, the College was not using were sold to fund the preliminary work leading up to a 2009 capital funding bid to the Learning and Skills Council. The decision was taken to sell the Walton Street site to Exeter College, with Ruskin remaining in situ until 2011/12 while the redevelopment at Headington takes place, and with 800 square feet leased back to Ruskin at a peppercorn rent thereafter for city-centre-based teaching.

Resources

The College has various resources that it can deploy in pursuit of its strategic objectives. Tangible resources include the properties in Walton Street, in Old Headington and in Stoke Place.

Financial – the College has net assets of £10,435,411.

People – the College employs 78 people (expressed as full time equivalents) of whom 26 are teaching staff.

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

Principal risks and uncertainties

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

- **Key risks** - risks were identified from the development plan and the financial plan, as well as from the top 20 common risks included in the LSC's Financial Planning Handbook. The risk analysis undertaken for the risk management plan approved by the Governing Executive in July 2007 identified the key risks as :

Failure to meet student number targets – particularly in relation to the trade union short courses. The partnership agreement with Amicus ended on 31 March 2008 and will not be renewed. Therefore approximately 70 student FTEs need to be replaced by other LSC funded courses from 2008/09 onwards.

- **Managing the key risks** - the LSC full-time equivalent (FTE) student numbers target and funding value target were significantly exceeded:

	Target	Actual
FTEs	288	359
Funding value	£1,526,753	£1,666,290

The LSC student numbers target for 2008/09 has been set at a similar level under a new funding methodology. The College is currently managing the risk of not reaching that target through recruiting additional short course students to residential short course and trade union programmes

The HEFCE student numbers target was exceeded and the College recovered the funds clawed back by HEFCE in 2006/07 as a result of not meeting its targets in that year.

- **Capital project** - the project managers, Davis Langdon, produced a risk register for the capital project. This is monitored monthly at meetings of the project strategic group. The internal auditors, Knox Cropper, kept a 'watching brief' over the capital project and produced a report for each meeting of the Audit Committee.
- **Risk management approach** - the College worked with the internal auditors to ensure that the scope of the internal audit plan covered a wide range of operational risks.

Operating and financial review - year to 31 July 2008

Stakeholder relationships

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

- students
- staff
- Funding Councils
- trade unions
- employers (with specific links)
- Local Authorities
- Government offices
- the local community
- other FE and HE institutions
- professional bodies

The College recognises the importance of these relationships and engages in regular communication with them through the College website, Intranet and by meetings.

Operating and financial review - year to 31 July 2008

Equal Opportunities

Ruskin College is committed to the maintenance and extension of equality of opportunity and to treating all staff and students with respect and dignity.

A student cohort analysis for 2007/2008 shows the following data on age, gender, ethnicity and disability:

	No enrolled 1 Nov 07	Average Age	Age Range	Male %	Female %	Ethnic Minority %	Disability %
CertHE's	110	38	19-73	56	44	23	27
Ransackers	50	66	54-80	16	84	2	22
Short Courses	1,283	54	19-94	29	71	12	22
Union S/Courses	3,186	45	15-83	69	31	9	9
Dip HE's	40	37	20-68	65	35	18	18
Dip SW	2	37	33-41	0	100	100	0
BA Year 3's	20	41	24-71	55	45	10	20
BA SW	131	37	38-51	17	83	24	31
FD Degree's	65	34	19-55	42	58	37	23
MA's	25	47	29-79	40	60	8	4
Totals	4,912	47	15-94	56	44	11	14

Disability statement

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.

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.

Health and safety

The Health and Safety Committee met regularly 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 Governing Executive approved a new Critical Incident Policy.

Advisers

Academic Advisers	Professor Jane Aldgate Professor Alan Jenkins Professor Keith Sisson
External auditors	Tenon Audit Limited Clifton House Bunnian Place Basingstoke RG21 7JE
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
Solicitors	Bower and Bailey Anchor House 269 Banbury Road Oxford OX2 7JF Eversheds 115 Colmore Row Birmingham B3 3AL

Auditors

The performance of Buzzacott as financial statements auditors was considered at the meeting on 2 November 2007 and, following this review, Buzzacott were reappointed at the Council AGM on 30 November 2007 pending a tendering process. The tendering process for external auditors undertaken during the year resulted in the decision on 20 June 2008 to appoint Tenon Audit Limited as financial statements auditors for 2007/08, and the resignation of Buzzacott. This was approved by the Governing Executive on 4 July 2008 and endorsed at the AGM on 5 December 2008.

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 2006. 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 in so far as they apply to the Further Education Sector, and it has complied throughout the year ended 31 July 2008.

The Governing Executive

The Governing Executive has 22 members, subject to any casual vacancies – 15 ordinary members, 4 staff members, 2 student members and the Principal. 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 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.

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. 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 also 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. Each committee meets at least 3 times a year, with the exception of the Search Committee that meets as required, and each reports to the Governing Executive through its Chair and through minutes.

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

Ruskin College
Walton Street
Oxford
OX1 2HE

Statement of Corporate Governance and Internal Control

The Clerk to the Governors maintains a register of financial and personal interests of the Governing Executive, Finance Committee, Audit Committee and the Senior Management Team. 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.

Appointments to the Governing Executive

Any new appointments to the Governing Executive are a matter for the consideration of the College Council as a whole and are made on the basis of recommendations by the Search Committee, which is responsible for the selection and nomination of any new ordinary member. 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.

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

Name	Date of appointment or re-appointment	Status of appointment	Committees served
Gordon Beesley	November 2002	Ordinary member	Chair of Finance
Simon Benyon	May 2008	Student member	
Mike Bradley	July 2007	Ordinary member	
Jane Dixon	February 2008	Ordinary member	Finance
Simon Embrey	February 2008	Student member	
Jan Etienne	December 2005	Ordinary member	
John Fray	November 2001	Ordinary member	Search
Rupert Garcia	July 2007	Student member	
Denis Gregory	July 2002	Staff member	Finance
Ruth Hunt	July 2007	Ordinary member	
Pam Johnson	December 2004	Ordinary member	
Helen Kidd	November 2007	Staff member	Audit
Liz Mathews	November 2003	Staff member	Search
Mike McCartney	June 2006	Ordinary member	Audit
Jo Morris	July 2007	Ordinary member	
Audrey Mullender	April 2004	Principal	Finance; Search
Teresa Munby	November 1999	Staff member	Audit
Carol Newbury	July 2008	Staff member	
Doug Nicholls	July 2007	Ordinary member	
David Norman	April 1997	Ordinary member	Chair of Governing Executive; Finance; Search

Statement of Corporate Governance and Internal Control

Name	Date of appointment or re-appointment	Status of appointment	Committees served
Carole Orgell-Rosen	November 2000	Ordinary member	Chair of Audit; Search
Sandra Palmer	July 2007	Student member	
Pamela Roberts	December 2006	Ordinary member	
Peter Russell	November 2007	Student member	
Pearl Ryall	December 2005	Ordinary member	
Edward Surridge	February 2008	Student member	
Ed Sweeney	December 2006	Ordinary member	Finance
Caroline Thompson	November 2007	Staff member	Finance

Statement of Corporate Governance and Internal Control

Internal control

Scope of responsibility

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.

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 2008 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 2008 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

Statement of Corporate Governance and Internal Control

- 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.

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.

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.

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 2008 meeting, the Governing Executive carried out the annual assessment for the year ended 31 July 2008 by considering documentation from the Senior Management Team and internal audit, and taking account of events since 31 July 2008.

Going concern

After making appropriate enquiries, the 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.

Approved by the members of the Governing Executive on 5 December 2008 and signed on its behalf by:

Signed 

Date **6/12/2008**

Chair **Councillor David Norman**

Signed 

Date **6/12/2008**

Principal **Professor Audrey Mullender**

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 2007 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.

The maintenance and integrity of Ruskin College website is the responsibility of the governing executive 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.

Signed on behalf of the Governing Executive.

Chair



Independent auditors' report to the Governing Executive of Ruskin College for the year ended 31 July 2008

We have audited the financial statements of Ruskin College for the year ended 31 July 2008, which comprise the income and expenditure account, the balance sheet, the cash flow statement, the statement of total recognised gains and losses and the related notes. These financial statements have been prepared under the historical cost convention as modified by the revaluation of certain fixed assets and the accounting policies set out therein.

This report is made solely to the 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 2007 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 2007 Statement of Recommended Practice – Accounting for Further and Higher Education. We also report to you if, in our opinion, the Members' Report is not consistent with the financial statements, if the College has not kept proper accounting records, or if we have not received all the information and explanations we require for our audit.

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

Basis of Audit Opinion

We conducted our audit in accordance with International 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.

**Independent auditors' report to the Governing Executive of Ruskin College
for the year ended 31 July 2008**

Opinion

In our opinion the financial statements give a true and fair view, in accordance with United Kingdom Generally Accepted Accounting Practice, of the state of affairs of the College as at 31 July 2008 and of the College's deficit over expenditure over income for the year then ended, and are properly prepared in accordance with the 2007 Statement of Recommended Practice – Accounting for Further and Higher Education.



Tenon Audit Limited
Chartered Accountants and Registered Auditors
Clifton House
Bunnian Place
Basingstoke RG21 7JE



Date

**Ruskin College
Income and Expenditure Account**

		2008	2007
	Notes	£	£
Income			
Funding Council income	2	2,454,001	2,260,314
Tuition fees and education contracts	3	897,453	621,552
Research grants and contracts	4	346,328	480,293
Other income	5	676,343	803,550
Investment income	6	142,943	146,295
Total income		<u>4,517,068</u>	<u>4,312,004</u>
Expenditure			
Staff costs	7	2,925,438	2,915,236
Other operating costs	9	1,481,896	1,328,949
Depreciation	11	267,552	239,863
Interest payable	10	8,780	11,341
		<u>4,683,666</u>	<u>4,495,389</u>
Impairment of assets subject to redevelopment		187,365	0
Total expenditure		<u>4,871,031</u>	<u>4,495,389</u>
Deficit on continuing operations after depreciation of fixed assets at valuation and before tax		(353,963)	(183,385)
Disposal of Properties	26	<u>332,836</u>	<u>218,814</u>
(Deficit) Surplus on continuing operations after depreciation of assets at valuation, disposal of assets		<u>(21,127)</u>	<u>35,429</u>

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

RUSKIN COLLEGE
Statement of Historical cost Surpluses and Deficits

Notes	2008 £	2007 £
(Deficit) / Surplus on continuing operations after depreciation of assets at valuation, disposals of assets and exceptional items	(21,127)	35,429
Difference between historical cost depreciation and the actual charge for the year calculated on the revalued amount	354,430	161,565
Historical surplus for the year before taxation	<u>333,303</u>	<u>196,994</u>
Historical surplus for the year after taxation	<u>333,303</u>	<u>196,994</u>

Statement of Total Recognised Gains and Losses

	2008 £	2007 £
(Deficit) / Surplus on continuing operations after depreciation of fixed assets at valuation and disposal of fixed assets	(21,127)	35,429
Revaluation of listed fixed asset investments to market values	12 (130,082)	68,446
Total recognised (losses) / gains relating to the year	<u>(151,209)</u>	<u>103,875</u>
Reconciliation		
Opening reserves	10,181,096	10,077,221
Total recognised (losses) / gains for the year	(151,209)	103,875
Closing reserves	<u>10,029,887</u>	<u>10,181,096</u>

RUSKIN COLLEGE
Balance Sheet as at 31st July 2008

	Notes	2008 £	2008 £	2007 £	2007 £
Fixed assets					
Tangible assets	11		7,608,188		7,724,820
Investments	12		411,253		523,285
			<u>8,019,441</u>		<u>8,248,105</u>
Current assets					
Stocks		8,731		11,984	
Debtors	13	474,502		365,923	
Short term investments	14	2,241,612		2,241,984	
Cash at bank and in hand		103,288		224,584	
		<u>2,828,133</u>		<u>2,844,475</u>	
Creditors: amounts falling due within one year	15	<u>(384,850)</u>		<u>(561,300)</u>	
Net current assets			<u>2,443,283</u>		<u>2,283,175</u>
Total assets less current liabilities			10,462,724		10,531,280
Creditors: amounts falling due after one year	16		(27,313)		(15,767)
Net assets			<u>10,435,411</u>		<u>10,515,513</u>
Deferred capital grants	18		405,524		334,417
Reserves					
Revaluation reserve	19	5,159,435		5,513,865	
Capital reserve		2,082,655		2,003,636	
Revenue reserve		1,911,554		1,679,733	
Development fund	20	457,197		448,934	
Scholarship, bursary and prize funds	21	419,046		534,928	
			<u>10,029,887</u>		<u>10,181,096</u>
Total			<u>10,435,411</u>		<u>10,515,513</u>

The financial statements on pages 21 to 40 were approved by the Governing Executive on 28 November 2008 and were signed on its behalf and that date by:

Chair 

Principal 

RUSKIN COLLEGE
Cash Flow Statement

	Notes	2008 £	2007 £'000
Cash (outflow)/inflow from operating activities	22	(356,362)	71,201
Returns on investments and servicing and finance			
Investment income		142,943	146,295
Interest element of finance lease payments		(8,780)	(11,341)
Net cash inflow from returns on investments and servicing of finance		<u>134,163</u>	<u>134,954</u>
Capital expenditure and financial investment			
Purchase of tangible fixed assets		(384,178)	(529,777)
Purchase of investments		(18,050)	(15,130)
Proceeds of disposal of tangible fixed assets		403,500	250,000
Deferred capital grants received		114,735	97,823
Net cash inflow / (outflow) from capital expenditure and financial investment		<u>116,007</u>	<u>(197,084)</u>
Net cash (outflow) / inflow before financing		(106,192)	9,071
Financing activities			
Capital element of financial lease		(15,476)	(19,905)
Cash outflow from financing activities		(15,476)	(19,905)
Net(decrease) increase in cash	23	<u>(121,668)</u>	<u>(10,834)</u>

Reconciliation of net cash flow to movement in net funds

	2008 £	2007 £
Decrease in cash in the period	(121,668)	(10,834)
Cash outflow from lease financials	15,476	19,905
Change in net funds resulting from cash flows	(106,192)	9,071
New finance leases	(19,555)	(6,367)
Movement in net funds in the period	(125,747)	2,704
Net funds at 1 August 2007	2,436,656	2,433,952
Net funds at 31 July 2008	<u>2,310,909</u>	<u>2,436,656</u>

Principal accounting policies 31 July 2008

Basis of preparation

These financial statements have been prepared in accordance with the Statement of Recommended Practice 2007 (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 the shorter of the expected useful economic life to the College or 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.

Principal accounting policies 31 July 2008

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.

RUSKIN COLLEGE**Notes to the financial statements 31 July 2008****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 income

	Learning and Skills Council £	Higher Education Funding Council £	2008 £	2007 £
Recurrent grant	1,537,144	873,229	2,410,373	2,240,222
Release of deferred capital grants	18,822	24,806	43,628	20,092
	<u>1,555,966</u>	<u>898,035</u>	<u>2,454,001</u>	<u>2,260,314</u>

3 Tuition fees and education contracts

	2008 £	2007 £
Tuition fees	897,453	621,552
Education contracts:	0	0
	<u>897,453</u>	<u>621,552</u>

4 Research grants and contracts

	2008 £	2007 £
Grants and contracts	<u>346,328</u>	<u>480,293</u>

5 Other income

	2008 £	2007 £
Catering and residence operations	591,162	624,494
Donations	24,150	34,471
Other income	61,031	85,174
Residential Colleges Committee Awards Scheme	0	59,411
	<u>676,343</u>	<u>803,550</u>

RUSKIN COLLEGE
Notes to the financial statements 31 July 2008

6 Investment income

	2008	2007
	£	£
Interest receivable	124,894	131,165
Income from investments	18,049	15,130
	142,943	146,295

7 Staff costs

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

	2008	2007
	Number of employees	Number of employees
Teaching departments	26	27
Non Teaching staff	52	55
	78	82

	2008	2007
	£	£

Staff costs for the above persons:

Wages & salaries	2,129,992	2,191,619
Social security costs	510,049	481,214
Other pension costs	0	0

Payroll sub total **2,640,041** **2,672,833**

Contracted out staffing services 285,397 242,403
2,925,438 **2,915,236**

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

	2008		2007	
	Number Senior-post-holders	Number Other staff	Number Senior-post-holders	Number Other staff
£50,001 - £60,000	1	0	2	0
£60,001 - £70,000	1	0	1	0

RUSKIN COLLEGE
Notes to the financial statements 31 July 2008

8 Senior post-holders' emoluments

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

	Number 2008	Number 2007
The number of senior post-holders including the principal was	2	3
Senior post-holders' emoluments are made up as follows:		
	£	£
Salary	113,252	157,956
Pension contributions	15,855	22,114
Total emoluments	129,107	180,070

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

	2008 £	2007 £
Salary	61,774	59,233
Pension contributions	8,648	8,293
Total	70,422	67,526

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.

RUSKIN COLLEGE
Notes to the financial statements 31 July 2008

9 Other operating expenses

	2008	2007
	£	£
Teaching departments	558,099	424,485
Non teaching costs	580,919	618,229
Premises costs	342,878	286,235
	<u>1,481,896</u>	<u>1,328,949</u>

Other operating expenses include auditors' remuneration:

External audit	17,950	15,510
Internal audit	7,050	8,871
Other services - external auditors	0	3,995
	<u>25,000</u>	<u>28,376</u>

10 Interest payable

	2008	2007
	£	£
On finance leases	<u>8,780</u>	<u>11,341</u>

RUSKIN COLLEGE
Notes to the financial statements 31 July 2008

11 Tangible fixed assets

	Freehold land and buildings £	Computer equipment £	Fixtures and fittings £	Total £
Cost or valuation				
At 1 August 2007	8,815,845	539,224	292,353	9,647,422
Additions	268,079	133,736	1,918	403,733
Disposals	(77,193)	(52,655)	0	(129,848)
At 31 July 2008	<u>9,006,731</u>	<u>620,305</u>	<u>294,271</u>	<u>9,921,307</u>
Depreciation				
At 1 August 2007	1,298,344	422,030	202,228	1,922,602
Charge for year	187,079	58,221	22,252	267,552
Impairment adjustment	187,365	0	0	187,365
Eliminated in respect of disposals	(12,480)	(51,920)	0	(64,400)
At 31 July 2008	<u>1,660,308</u>	<u>428,331</u>	<u>224,480</u>	<u>2,313,119</u>
Net book values				
At 31 July 2008	<u>7,346,423</u>	<u>191,974</u>	<u>69,791</u>	<u>7,608,188</u>
At 31 July 2007	<u>7,517,501</u>	<u>117,194</u>	<u>90,125</u>	<u>7,724,820</u>
Financed by capital grants	222,450	147,885	35,190	405,525
Other	7,123,973	44,089	34,601	7,202,663
	<u>7,346,423</u>	<u>191,974</u>	<u>69,791</u>	<u>7,608,188</u>

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 & 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 2008 was £2,186,988 (2007 - £2,216,097)

The net book value of tangible fixed assets includes an amount of £32,349 (2007 - £30,124) in respect of assets under finance leases. The depreciation on these assets for the year was £16,594 (2007 - £19,905)

The college disposed of one freehold building in the year, realising gross proceeds of £403,500 and generating a gain on disposal of £332,836 - note 30

RUSKIN COLLEGE
Notes to the financial statements 31 July 2008

12 Investments

	2008	2007
	£	£
Listed investments (see below)	381,203	493,235
Long term deposits	30,050	30,050
	411,253	523,285
	£	£
Listed investments		
Balance at 1 August 2007	493,235	410,302
Investment income re-invested	18,050	14,487
Net investment gain	(130,082)	68,446
Balance at 31 July 2008	381,203	493,235

13 Debtors

	2008	2007
Due within one year	£	£
Trade debtors	324,105	290,943
Other debtors	102,812	45,668
Prepayments and accrued income	47,585	29,312
	474,502	365,923

14 Short term investments

	2008	2007
	£	£
Cash In Hand	103,288	224,584
Short term deposits	2,241,612	2,241,984
	2,344,900	2,466,568

15 Creditors: amounts falling due within one year

	2008	2007
	£	£
Obligations under finance leases	10,015	14,145
Trade creditors	203,234	189,599
Accruals and deferred income	104,756	252,276
Other creditors	58,600	49,929
Other taxation and social security	8,245	55,351
	384,850	561,300

RUSKIN COLLEGE**Notes to the financial statements 31 July 2008****16 Creditors: amounts falling due after one year**

	2008 £	2007 £
Obligation under Pension Contribution	3,338	0
Obligations under finance leases	23,975	15,767
Total	27,313	15,767

17 Analysis of Borrowings of the College

Finance leases

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

	2008 £	2007 £
In one year or less	10,016	14,145
Between two and five years	23,975	15,767
	33,991	29,912

18 Deferred capital grants

	LSC Grants 2008 £	Other Grants 2008 £	Total 2008 £
At 1 August 2007	293,282	41,135	334,417
Cash received	4,096	110,639	114,735
Released to income and expenditure	(18,822)	(24,806)	(43,628)
At 31 July 2008	278,556	126,968	405,524

19 Reserves

	Revaluation reserve – buildings £	Capital reserve £	Revenue reserve £	Developm ent Fund (note 20) £	Scholarship bursary & prize funds £	Total £
At 1 August 2007	5,513,865	2,003,636	1,679,733	448,934	534,928	10,181,096
Transfers	(65,652)	79,019	(35,830)	8,263	14,200	0
Revaluation of investments to market value	0	0	0	0	(130,082)	(130,082)
Deficit retained for the year	0	0	(21,127)	0	0	(21,127)
Transfer of depreciation on revalued property	(288,778)	0	288,778	0	0	0
At 31 July 2008	5,159,435	2,082,655	1,911,554	457,197	419,046	10,029,887

RUSKIN COLLEGE
Notes to the financial statements 31 July 2008

20 Development fund

	2008	2007
	£	£
At 1 August 2007	448,934	461,881
Transfer to / from income and expenditure account	8,263	(12,947)
At 31 July 2008	<u>457,197</u>	<u>448,934</u>

The Development fund represents the unspent balance of a bequest received during 1999 which the Governing Executive have designated for future capital development.

21 Scholarship, bursary and prize funds

	2008	2007
	£	£
At 1 August 2007	534,928	451,352
Appreciation of fixed asset investments	(130,082)	68,446
Interest, donations and allocations	18,050	15,130
Awards, prizes and grants	(3,850)	0
At 31 July 2008	<u>419,046</u>	<u>534,928</u>

22 Reconciliation of operating surplus to net cash inflow from operating activities

	2008	2007
	£	£
Surplus on continuing operations after depreciation of assets	(21,127)	35,429
Depreciation (note 11)	454,917	239,863
Profit on disposals	(332,230)	(216,911)
Fees deducted on disposal of property	(5,822)	
Deferred capital grant released to income (note 18)	(43,628)	(20,092)
Interest payable (note 10)	8,780	11,341
Investment income	(142,943)	(146,295)
Decrease / (Increase) in stock	3,253	(2,967)
Decrease / (increase) in debtors	(108,579)	151,620
(Decrease) / increase in creditors	(168,983)	19,213
Net cashflow from operating activities	<u>(356,362)</u>	<u>71,201</u>

23 Analysis of changes in net funds

	At 1st August 2007	Cash flows	Other changes	At 31st July 2008
	£	£	£	£
Short term deposits	2,241,984	(372)	0	2,241,612
Cash at bank and in hand	224,584	(121,296)	0	103,288
	<u>2,466,568</u>	<u>(121,668)</u>	<u>0</u>	<u>2,344,900</u>
Finance leases	(29,912)	15,476	(19,555)	(33,991)
	<u>2,436,656</u>	<u>(106,192)</u>	<u>(19,555)</u>	<u>2,310,909</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.

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.

Pensions (continued)

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.

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 £286,152 (2007: £237,317). 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 £129,713 (2006: £81,599). The contribution rate payable by the institution was 17.5% of pensionable salaries.

RUSKIN COLLEGE
Notes to the financial statements 31 July 2008

Amounts disbursed as agent
28 Access funds

	HEFCE	LSC	2008	2007
	£	£	£	£
Balance (over) / underspent at 1 August 2007	(3,247)	13,893	10,646	25,438
Funding Council grants	22,581	14,437	37,018	25,104
Interest earned	0	0	0	0
	<u>19,334</u>	<u>28,330</u>	<u>47,664</u>	<u>50,542</u>
Disbursed to students	(17,897)	(8,048)	(25,945)	(38,813)
Administration fee	(677)	(722)	(1,399)	(1,083)
Balance unspent at 31 July 2008	<u>760</u>	<u>19,560</u>	<u>20,320</u>	<u>10,646</u>

29 Post Balance Sheet Events

There were no significant post balance sheet events

30 Disposal of Properties

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

	27 Worcester Place
	£
Disposal Proceeds	<u>403,500</u>
Net Book Value	<u>(64,842)</u>
Profit on disposal	338,658
Professional fees	<u>(5,822)</u>
Net profit on disposal	<u>332,836</u>

31 Commitments

	2008	2007
	£	
Commitments contracted at 31 July for Headington Redevelopment	773,059	nil

Independent Auditors' Report on Regularity to the Governing Executive of Ruskin College and the Learning and Skills Council ("the LSC")

In accordance with the terms of our engagement letter dated 23 July 2008 and further to the requirements of the LSC, we have carried out a review to obtain assurance about whether, in all material respects, the expenditure and income of Ruskin College ('the College') for the year ended 31 July 2008 have been applied to the purposes identified by Parliament and the financial transactions conform to the authorities which govern them.

This report is made solely to the 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 2008 have been applied to purposes intended by Parliament and the financial transactions conform to the authorities which govern them.

Basis of opinion

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

Opinion

In our opinion, in all material respects the expenditure and income for the year ended 31 July 2008 have been applied to purposes intended by Parliament and the financial transactions conform to the authorities which govern them.



Tenon Audit Limited
Chartered Accountants and
Registered Auditors



Date