



**Annual Report and Financial Statements  
for the year ended 31 July 2011**

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 for the purposes of the Charities Act 1993 as amended by the Charities Act 2006. It is designated for funding by the Skills Funding Agency 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 2010. The strategic aims for 2010-15 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 adult learners to progress into and through further and higher education and/or employment. (Learning and Teaching strategy/Curriculum strategy/Marketing strategy)
- To strive for excellence in academic quality and standards. (Learning and Teaching strategy)
- To develop flexible ways to facilitate learning and teaching, supported by e-learning resources and student support. (Learning and Teaching strategy)
- To achieve financial stability and sound risk management in order to secure the long-term future of the College. (Financial Plan/Risk Management Plan)
- To offer modern and flexible residential and catering facilities. (Estates Strategy/Catering Business Plan)
- To complete the capital project and establish a first class environment for learning. (Estates Strategy/Capital Project Budget)

## **Directors report incorporating the operating and financial review -year to 31 July 2011**

### **Strategic objectives**

The College's specific objectives for 2010-11 within the strategic plan, and achievement of these objectives are addressed below:

#### **Learning and teaching**

- New learning and teaching strategy approved and action plan implemented
- Positive outcome in QAA IQER summative review with report stating QAA has confidence in the College's standards and learning opportunities and that reliance can be placed on its public information.
- Investment in IT planned in financial plan 2011-14 and in capital project phase 2 budget

#### **Finance and risk**

- Satisfactory financial health maintained and risk management plan implemented

#### **Residence and catering**

- Refurbishment of Biko, Bowen and Webb residential blocks completed

#### **Estates**

- Contract awarded for phase 2 of the capital project and construction of the academic building and library begun

### **Financial objectives**

The College's financial objectives are:

- 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.
- To maintain the confidence of funders, suppliers, bankers and auditors.
- To raise awareness among the College staff of the financial environment within which it operates.

## **Directors report incorporating the operating and financial review -year to 31 July 2011**

### **Performance indicators**

The Skills Funding Agency's "Framework for Excellence" has three dimensions:

- Responsiveness
- Effectiveness
- Finance

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

The College is committed to observing the importance of the measures and indicators within the Framework and is monitoring these through the completion of the annual Finance Record for the SFA. 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 movement in college funds within this financial year was a negative £259,499.

The operating deficit was £308,566. This includes voluntary severance payments and provision of £202,640. This voluntary severance exercise has rationalised and prepared support staffing for relocation to the newly developed site in Headington during the summer of 2012. Overall income (excluding an additional payment from the SFA of £109,825) was 4% less than last year and expenditure (excluding severance costs) was 6% less than previous year.

The initiatives listed below are now firmly embedded and are playing their part in enabling the College to work towards a surplus position over the next three years. They are also helping to keep the College as stable as possible over this next year before relocation. We then start to realise the benefits of economies of scale:

- A rolled out efficiency savings programme throughout the College
- Maximising utilisation of existing teaching resources
- A review of the maintenance costs in relation to the property strategy implementation

The College has also been working hard to distinguish the true costs of residence and catering to help plan sustainable models in both areas. It will be a financial objective that the catering provision within the new building will operate at least in a break even position.

### **Income**

The College exceeded the tuition fee targets significantly due to robust recruitments and cautious budgeting, given the on-going development works at the Headington site it was difficult to sustain high occupancies. Therefore residence income was lower than anticipated. The College was also awarded £109,825 from the Skills Funding Agency following the mid-year estimate submission which was retained by the College as we exceeded the estimate at year end. There was a shortfall of funds from HEFCE of £28,639 this followed the announced reduction in funding in March 2011 (22.6K) and a claw back from 10/11 (6K) as the student number target was just missed.

### **Expenditure**

Payroll costs (excluding severance payments and provision) decreased by 4% on prior year despite a 0.4% inflationary increase. Operational non payroll costs also decreased by 7% from last year. Continuing efforts are to be made throughout the College to ensure that we continue to 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.

### **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 SFA. All other borrowing requires the authorisation of the Governing Executive and will comply with the requirements of the Financial Memorandum of the SFA.

### **Cash flows**

The cash outflow from operating activities was (£450,752). The net increase in cash was £4,007,632.

### **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 1.6. In calculating the available cash, the funds held on deposit from property sales which are earmarked for the capital project have been excluded.

### **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 2010 to 31 July 2011, 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.

## Current and future developments

### Student numbers

The College enrolled 2,281 SFA-funded students and 276 students funded by HEFCE and other sources. The number of students enrolled on long courses was 406.

### Student achievements

The success rate for the SFA-funded long courses was 60%. The success rate for the short courses was 93%.

<b>Student prizes for 2009/10 – awarded in 2011</b>	
Bill Sargent Book Award	Val Craft Caroline Raine
Carole Fraser Prize	Sharon Moffat
GDH Cole Prize	Pauline Goodsell
Henry Smith Prize	Samuel Harwin
Lyn Allen Prize	Jenny Cridge Amy Kogel
Margaret Marsh Memorial Prize	Sonia Sem Jill Watts Sarah Wilson
Mark Young Prize	Denise Pakeman
Robert Addy Hopkinson Educational Trust Award	John Chadfield Mary Mahoney Lucy Mwigayi Helen Thompson Sarah Wilson

### Curriculum developments

The new Foundation Degree in Writing for Performance recruited well and attracted an award-winning writer, Steve Attridge, as its Programme Co-ordinator. Ruskin's strength in Creative Writing was also demonstrated by the revalidation for a full five years of the BA in English Studies: Creative Writing and Critical Practice, a unique degree which helps aspiring writers to recognise their roots in a wide range of literature (including Irish and post-colonial) and critical readers to apply their theories through writing. Two of the College's three MA courses, in Public History and in Women's Studies, were similarly revalidated for the maximum period.

### **Curriculum developments (continued)**

In February 2011, the short course team made the transition to a new Level 2 Certificate focused on 'Lifelong Learning for Work and Study'. The College was successful in getting this provision included in a unit funding trial which meant that it could still be offered in the form of short courses and not solely as a whole qualification, thereby retaining the strength of Ruskin's cumulative approach to attracting adults back into learning. We also continued to offer one-term 'return to learn' opportunities, for older learners through the Ransackers project and more generally through the Ruskin Study Project and the Independent Studies programme. The TUC Centre at Ruskin and the national TUC Organising Academy, which is based here, both went from strength to strength.

Ruskin's whole BA and MA degree offer received many commendations from the Quality Assurance Agency for Higher Education in the summative report from its three-year Integrated Quality and Enhancement Review. We are also delighted to report that Social Work at Ruskin came top amongst Social Work programmes for the quality of teaching in the National Student Survey.

### **Future developments**

In February 2011, work began in earnest on Phase 2 of the redevelopment of the College at the Headington site. This encompasses the construction of a £4-5m academic building as well as ground works, replacement of the infrastructure and the redesign of the walled garden. The work remained on time and on budget throughout most of the year. By the end of the year, the timescale had slipped by a few weeks but remained within the leeway allowed at the start of the project. The Rookery was closed throughout the year but classes continued to run: in Smith House, Stoke House and Walton Street. We remain on target to move all our operations to Headington in September 2012.

## Directors report incorporating the operating and financial review -year to 31 July 2011

### Resources

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

*Financial* – the College has net assets of £17,960,747.

*People* – the College employs 75 people (expressed as full time equivalents) of whom 25 are teaching staff.

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

### Principal risks and uncertainties

#### Key risks

Twenty key risks were identified from the strategic plan and the financial plan, as well as from the top 20 common risks included in the SFA's Financial Planning Handbook:

- Failure to meet SFA and HEFCE targets as a result of student enrolment and progression numbers being worse than planned
- Decline in retention/achievement of students
- Failure to realise forecast levels of tuition fee income due to fewer students
- Limited confidence finding Quality Assurance Agency (QAA) IQER summative review with resultant damage to reputation
- Unsatisfactory outcome in Ofsted inspection with resultant damage to reputation
- Poor retention of key academic staff
- Failure to develop the curriculum in flexible ways to meet the needs of adult learners
- Lack of funding for investment in e-learning resources
- Tutorial system rendered unaffordable due to decline in SFA funding
- Failure to adapt to multi-method delivery of teaching
- Decline in SFAQ and HEFCE funding due to Government's cuts in public expenditure
- Pay increases higher than anticipated
- Poor retention of management and support staff
- Failure to develop management information system
- Income from refurbished residential blocks less than anticipated

## **Directors report incorporating the operating and financial review -year to 31 July 2011**

- Bank loan became unaffordable
- Catering business plan proving unachievable
- Delay in timescale for the project
- Overspend on phase 2 of the project
- Health and safety risks across both sites during phase 2 of the project

The management of these risks is outlined in the risk management annual report.

### **Risk management processes**

The College worked with the internal auditors to ensure that the scope of the internal audit plan covered a wide range of operational risks. A new risk management policy and a revised risk management plan were approved by the Governing Executive.

### **Capital project**

The project managers, Davis Langdon, updated the strategic risk register for the capital project. This is monitored monthly at meetings of the project strategic group. The Project Board and the Governing Executive also monitored the risk register. The internal auditors, Knox Cropper, kept a 'watching brief' over the capital project and produced a report for each meeting of the Audit Committee.

### **Government funding**

The College has considerable reliance on continued government funding through the SFA and HEFCE. In 2010/11 59% of the College's revenue was from the funding councils and this level of funding is expected to continue. There can be no assurance that government policy or practice will remain the same. It is likely that the level of public funding will continue to decrease from 2011/12 onwards. The College is aware of several issues which may impact on future funding.

### **Principal risks and uncertainties (continued)**

- The demand led funding system applied to colleges and other providers in respect of adult provision from August 2008. The funding methodology applies a series of factors such as guided learning hours and success rates to calculate an amount of funding to be received for each learner. The College is receiving protected funding from SFA in 2010/11. Such funding cannot be guaranteed for the future.
- The government is reviewing its priorities for the adult skills sector following the Leitch report into the skills needed for the UK to compete in the global economy.
- The government is reducing public expenditure, including that spent on further and higher education, which will affect both SFA and HEFCE funding.
- The SFA is reviewing the costs of the residential colleges' provision.
- The SFA is reviewing the adult education bursary scheme.

## **Directors report incorporating the operating and financial review -year to 31 July 2011**

This risk is mitigated in a number of ways:

- by ensuring the College is rigorous in delivering high quality education and training.
- considerable focus and investment is placed on maintaining and managing key relationships with the SFA and HEFCE.
- ensuring the College is focused on those curriculum areas which will continue to benefit from public funding.
- regular dialogue with the SFA at national and regional levels.

### **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
- voluntary and public sector partners
- suppliers

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

## Directors report incorporating the operating and financial review -year to 31 July 2011

### Equality and Diversity

Ruskin College has a tradition of offering high quality education to mature students, many of whom have experienced social or economic disadvantages. The 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 2010/11 shows the following data on age, gender, ethnicity and disability:

	No enrolled 1 Nov 10	Average Age	Male %	Female %	Ethnic Minority %	Disability %
CertHE's	130	39	48	52	22	18
Ransackers	18	62	28	72	0	39
Short Courses	586	50	37	63	22	43
Union S/Courses	1547	43	68	32	9	11
DipHE's	62	43	56	44	13	19
BA Year 3's	11	41	55	45	18	18
BA SW	115	36	17	83	24	15
BA YW	53	34	36	64	23	15
MA's	35	46	60	40	9	11

The College has adopted a Single Equality Scheme and has equality and diversity as one of its priority staff development themes; to date this has included encouraging teaching staff to undertake on-line training on the Equality Act and funding attendance for a number of tutors on external training courses as well as at in-house events. Attention is paid to equality and diversity in every aspect of College life, not only in opening our doors to all, regardless of background or prior educational achievement, but in specific measure such as incorporating disabled access in the redevelopment of the College estate (including an accessible flat with a second bedroom for a live-in carer), employing a dyslexia specialist and screening for learning support needs, continuing to offer an age-friendly course for older learners in the shape of the Ransacker programme, running an annual Black History Day, welcoming transgender learners onto our courses over a number of years and maintaining a Women's Studies MA in the face of a national trend towards diluting this into 'Gender Studies'.

## Directors report incorporating the operating and financial review -year to 31 July 2011

Ruskin's equality objectives, with a clear steer from governors and senior management, are:

- To retain open access in order to offer educational opportunities to adults who have been excluded and disadvantaged.
- To promote social mobility by fostering progression through study, encompassing flexible opportunities from Level 1 to Level 7 underpinned by high levels of learning support and a unique model of academic tutorials at the higher education levels.
- To continue increasing the representativeness of the student body, for example in respect of the gender balance in Trade Union Studies and the ethnic balance in Humanities.
- To monitor and tackle any retention and achievement gaps, for example in respect of categories of disadvantage.
- To promote equality and diversity in the content of learning and teaching through means such as the observation of teaching and learning, continuing professional development and the adoption of appropriate learning outcomes
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### **Safeguarding**

In March 2011, all categories of College staff attended compulsory safeguarding training based around the College's Safeguarding Policy, with a choice of four times to attend so as to maximise attendance. One team of external tutors, working all over the country, had the training cascaded by their co-ordinator. The Safeguarding Policy is available on the College intranet and is displayed in staff offices. Safeguarding posters are prominent throughout the College, so that both staff and students are reminded what forms of abuse to keep a watch for and what to do if any learner is believed to be at risk. The College has mirrored national decisions on priority groups of staff who should undergo an enhanced Criminal Records Bureau Disclosure. During the year, the Principal updated her specialist Children's Safeguarding training through Oxfordshire County Council and was pleased to see it drawing on her own research on children living with domestic violence. She also undertook training on monitoring potential student drug use and continued to liaise with the local police, leading to a revision of the Student Drugs Policy and the introduction of Student Search Procedures. All policies, including on bullying and harassment, have been kept under review and learners have been helped to bring concerns to the surface in order to ensure a safe learning environment. Policies to ensure the safe use of IT are well developed.

### **Health and Safety**

The safety of the College premises is monitored by Health and Safety representatives attending TUC-approved courses at Ruskin who undertake regular site inspections as part of their training. Their highly vigilant reports are then taken forward by the College's Health and Safety Manager. This is a graphic example of learners at Ruskin taking responsibility for one another's safety. Another was the conscious decision, following consultation with learners (some of whom have had drug or alcohol problems in the past), not to include a bar in the redevelopment of the College on the Headington site. At Ruskin, unlike most colleges, the need can be to stop our adult learners from attempting to cope with too much on their own; staff have stepped in whenever there has been a need to protect and safeguard. During the year, for example, a small number of students experienced a recurrence of mental health symptoms and were given appropriate support by College staff under the leadership of the Principal, in close liaison with specialist services locally, until a decision could be reached as to their longer-term best interests. Reassurance was offered to other students.

All long course students are required to obtain medical clearance to study and the College works with its designated Medical Officer to ensure that appropriate decisions are taken and appropriate support put in place from the interview stage onwards. Where necessary, medical factors are incorporated into the conditions of the offer letter and into the probationary term at Ruskin. During Induction, students meet the Health and Safety Manager, the Warden and her team, and the Resident Tutor, and they learn about the on-site counselling and other support services. Throughout their time at Ruskin, they are assisted by IAG, disability support, learning support and close tutorial contact as well as on-site services for those who are resident. This web of support, together with the collegial atmosphere, helps students to focus on their studies and hence change their lives for the better.

## Directors report incorporating the operating and financial review -year to 31 July 2011

### Advisers

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<b>Academic Advisers</b>	Professor Jane Aldgate Professor Alan Jenkins Professor Keith Sisson
<b>Financial statement and regularity auditors</b>	RSM Tenon Audit Limited Vantage Victoria Street Basingstoke RG21 3BT
<b>Internal auditors</b>	Knox Cropper 16 New Bridge Street London EC4V 6AX
<b>Bankers</b>	The Co-operative Bank Chiltern Business Centre 2-6 Alma Street Luton LU1 2PL
<b>Solicitors</b>	Manches 9400 Garsington Road Oxford Business Park Oxford OX4 2HN  Eversheds 115 Colmore Row Birmingham B3 3AL

### Auditors

The performance of RSM Tenon Audit Limited as financial statements auditors was considered at the meeting on 5 November 2010 and, following this review, RSM Tenon Audit Limited were reappointed at the Council AGM on 3 December 2010.

### 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:

Christopher Wilkes, 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 2011.

### 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 which 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 on the College website or 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 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:

<b>Name</b>	<b>Date of appointment/re-appointment</b>	<b>Status of appointment</b>	<b>Committees served</b>
Chris Baugh	December 2008	Ordinary member	
Mike Bradley	December 2010	Ordinary member	Search
Wendy Dawson	July 2011	Ordinary member	
Jane Dixon	December 2010	Ordinary member	Chair of Finance
Jan Etienne	December 2010	Ordinary member	Audit
John Fray	December 2008	Ordinary member	Finance; Search
Joel Hirsch	July 2011	Student member	
Anne Hock	March 2010	Ordinary member	Finance
Ruth Hunt*	December 2010	Ordinary member	Search
Pam Johnson	December 2010	Ordinary member	Audit
Liz Mathews	November 2010	Staff member	Search
Des McDermott	November 2010	Staff member	
Jo Morris	December 2010	Ordinary member	Audit
Audrey Mullender	April 2004	Principal	Finance; Search; AQSC
Teresa Munby	November 2010	Staff member	Finance
Doug Nicholls	December 2010	Ordinary member	
David Norman	December 2008	Ordinary member	Chair of Governing Executive; Finance; Search

## Statement of Corporate Governance and Internal Control

<b>Name</b>	<b>Date of appointment/re-appointment</b>	<b>Status of appointment</b>	<b>Committees served</b>
Carole Orgell-Rosen	December 2010	Ordinary member	Chair of Audit; Search
Pamela Roberts*	December 2009	Ordinary member	
Pearl Ryall	December 2008	Ordinary member	
Colin Taylor	July 2011	Ordinary member	
Kieron Winters	November 2010	Staff member	

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(\*Ruth Hunt resigned May 2011, Pamela Roberts resigned June 2011)

## 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 misstatement 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 Skills Funding Agency (SFA). 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 2011 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 2011 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

## Statement of Corporate Governance and Internal Control

- 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 SFA'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 Skills Funding Agency 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 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 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 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 2011 meeting, the Governing Executive carried out the annual assessment for the year ended 31 July 2011 by considering documentation from the Senior Management Team and internal audit, and taking account of events since 31 July 2011.

### 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 2 December 2011 and signed on its behalf by:

Signed

Signed

Date

Date

David Norman, Chair

Audrey Mullender, 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 Skills Funding Agency (SFA) 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* and with the Accounts Direction issued by the Skills Funding Agency, 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.

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

Members of the Governing Executive are responsible for ensuring that expenditure and income are applied for the purposes intended by Parliament and that the financial transactions conform to the authorities that govern them. In addition, they are responsible for ensuring that funds from the SFA are used only in accordance with the Financial Memorandum with the SFA and any other conditions that the SFA 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 properly. 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 SFA are not put at risk.

Approved by order of the members of the Governing Executive on 2 December 2011  
and signed on its behalf by:

David Norman, Chair

## **Independent auditors' report to the Governing Executive of Ruskin College for the year ended 31 July 2011**

### **Independent auditor's report to the members of Ruskin College**

We have audited the financial statements the financial statements of Ruskin College for the year ended 31 July 2011 set out on pages 26 to 43. The financial reporting framework that has been applied in their preparation is applicable law and UK accounting standards (UK Generally Accepted Accounting Practice).

We have audited the financial statements of Ruskin College for the year ended 31 July 2011 which comprise the Income and Expenditure Account, the Balance Sheet, the Cash Flow Statement the Statement of Total Recognised Gains and Losses, the Reconciliation of Movements in Shareholders' Funds and the related notes. The financial framework that has been applied in their preparation is applicable law and the United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

This report is made solely to the college's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the college's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the college and the college's members as a body, for our audit work, for this report, or for the opinions we have formed.

### **Respective responsibilities of the governing body and auditors**

As explained more fully in the Governing Body responsibilities statement set out on pages 18 to 19, the governing body are responsible for the preparation of financial statements and for being satisfied that they give a true and fair view.

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

### **Scope of the audit of the financial statements**

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

## **Independent auditors' report to the Governing Executive of Ruskin College for the year ended 31 July 2011**

### **Opinion on financial statements**

In our opinion the financial statements:

- give a true and fair view of the state of the college's affairs as at 31 July 2011 and of the deficit for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice;
- have been prepared in accordance with the requirements of the Companies Act 2006; and
- have been properly prepared in accordance with the 2007 Statement of Recommended Practice – Accounting for Further and Higher Education Institutions
- 

### **Opinion on other matters prescribed by the Companies Act 2006 and the revised Joint Audit Code of Practice (Part 1) issued jointly by the Skills Funding Agency and the YPLA and the Audit Code of Practice issued by the Learning and Skills Council**

In our opinion:

- the information given in the Governing Body's Report for the financial year for which the financial statements are prepared is consistent with the financial statements;
- proper accounting records have been kept, and
- the financial statements are in agreement with the accounting records.

### **Matters on which we are required to report by exception**

We have nothing to report in respect of the following matters where the Companies Act 2006 requires us to report to you if, in our opinion:

- adequate accounting records have not been kept, or returns adequate for our audit have not been received from branches not visited by us; or
- the financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of [directors'/corporation's/governing body's] remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit.

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Christopher Mantel (Senior Statutory Auditor)  
For and on behalf of

RSM Tenon Audit Limited  
Registered Auditors  
Vantage  
Victoria Street  
Basingstoke  
RG21 3BT

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Date

## **Regularity Opinion**

In accordance with the terms of our engagement letter dated 6 September 2011 and further to the requirements of the Chief Executive of Skills Funding, 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 2011 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 Chief Executive of Skills Funding. Our review work has been undertaken so that we might state to the members of the Governing Executive and the Chief Executive of Skills Funding 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 Chief Executive of Skills Funding, 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 Chief Executive of Skills Funding. We report to you whether, in our opinion, in all material respects, the College's expenditure and income for the year ended 31 July 2011 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 Chief Executive of Skills Funding. 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 2011 have been applied to purposes intended by Parliament and the financial transactions conform to the authorities which govern them.

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RSM Tenon Audit Limited  
Registered Auditors  
Vantage  
Victoria Street  
Basingstoke  
RG21 3BT

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Date

## Income and Expenditure Account

		2011	2010
	Notes	£	£
<b>Income</b>			
Funding Council income	2	2,662,368	2,617,343
Tuition fees and education contracts	3	1,028,760	881,206
Research grants and contracts	4	188,314	334,708
Other income	5	592,503	654,479
Investment income	6	40,018	26,493
<b>Total income</b>		<u>4,511,963</u>	<u>4,514,229</u>
<b>Expenditure</b>			
Staff costs	7	3,078,233	3,162,183
Exceptional staff costs		175,255	
Other operating expenses	9	1,384,561	1,486,192
Depreciation	11	175,161	207,615
Interest and other finance costs	10	7,319	6,854
<b>Total expenditure</b>		<u>4,820,529</u>	<u>4,862,844</u>
<b>Deficit on continuing operations after depreciation of fixed assets at valuation and before exceptional items and tax</b>		(308,566)	(348,615)
Profit on disposal of assets		-	8,133,826
<b>(Deficit)/Surplus on continuing operations after depreciation of assets at valuation, disposal of assets and exceptional items</b>		<u>(308,566)</u>	<u>7,785,211</u>

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

**Statement of historical cost surpluses and deficits and consolidated statement of total recognised gains and losses**

	Notes	2011 £	2010 £
<b>Surplus (Deficit) on continuing operations after depreciation of assets at valuation, disposals of assets and exceptional items</b>		(308,566)	7,785,211
Difference between historical cost depreciation and the actual charge for the year calculated on the revalued amount	19	22,032	74,178
<b>Historical surplus/(deficit) for the year before taxation</b>		<u>(286,534)</u>	<u>7,859,389</u>
<b>Historical surplus/(deficit) for the year after taxation</b>		<u>(286,534)</u>	<u>7,859,389</u>

**Statement of Total Recognised Gains and Losses**

		2011 £	2010 £
<b>Surplus (Deficit) on continuing operations after depreciation of assets at valuation, disposal of assets and exceptional items</b>		(308,566)	7,785,211
Revaluation of listed fixed asset investments to market values	12	41,876	51,856
<b>Total recognised gains / (losses) relating to year</b>		<u>(266,690)</u>	<u>7,837,067</u>
<b>Reconciliation</b>			
Opening reserves		17,345,700	9,508,633
Total recognised surplus for the year		(266,690)	7,837,067
<b>Closing reserves</b>		<u>17,079,010</u>	<u>17,345,700</u>

## Balance sheet as at 31 July 2011

	Notes	2011 £	2011 £	2010 £	2010 £
<b>Fixed assets</b>					
Tangible assets	11		12,032,307		8,372,384
Investments	12		471,006		411,719
			<u>12,503,313</u>		<u>8,784,103</u>
<b>Current assets</b>					
Debtors due > year 1	13	1,140,000		2,280,000	
Debtors due < year 1		1,335,765		7,118,801	
Short term investments	14	4,000,000		749,798	
Cash at bank and in hand		779,026		21,596	
		<u>7,254,791</u>		<u>10,170,195</u>	
<b>Creditors: amounts falling due within one year</b>	15	<u>(775,321)</u>		<u>(1,015,837)</u>	
<b>Net current assets</b>			<u>6,479,470</u>		<u>9,154,358</u>
<b>Total assets less current liabilities</b>			18,982,783		17,938,461
<b>Creditors: amounts falling due after one year</b>	16		(1,022,036)		(22,500)
<b>Net assets</b>			<u>17,960,747</u>		<u>17,915,961</u>
<b>Deferred capital grants</b>	18		881,737		570,261
<b>Reserves</b>					
Revaluation reserve	19	2,230,479		2,252,511	
Capital reserve		1,143,361		1,158,640	
Revenue reserve		13,251,811		13,020,414	
Development fund	20	-		510,772	
Scholarship, bursary and prize funds	21	446,537		397,213	
Ruskin Fellowship	26	6,822		6,150	
		<u>6,822</u>		<u>6,150</u>	
			17,079,010		17,345,700
<b>Total</b>			<u>17,960,747</u>		<u>17,915,961</u>

The financial statements on pages 25 to 42 were approved by the Governing Executive on 25th November 2011 and were signed on its behalf and on that date by:

David Norman  
Chair

Audrey Mullender  
Principal

## Cash flow statement

	Notes	2011 £	2010 £
<b>Cash inflow from operating activities</b>	<b>22</b>	(452,376)	235,135
<b>Returns on investments and servicing and finance</b>			
Investment income		40,018	26,493
Interest element of finance lease payments		(7,319)	(6,854)
<b>Net cash inflow from returns on investments and servicing of finance</b>		<u>32,699</u>	<u>19,639</u>
<b>Capital expenditure and financial investment</b>			
Purchase of tangible fixed assets		(3,832,228)	(2,812,972)
Purchase of investments		(17,411)	(14,782)
Proceeds of disposal of tangible fixed assets		6,840,000	2,281,585
Deferred capital grants received		445,739	286,058
<b>Net cash outflow from capital expenditure and financial investment</b>		<u>3,436,100</u>	<u>(260,111)</u>
<b>Net cash outflow before financing</b>		3,016,423	(5,337)
<b>Financing activities</b>			
Capital element of financial lease		(10,415)	(14,193)
New bank loans		1,000,000	-
<b>Cash outflow from financing activities</b>		989,585	(14,193)
<b>Net increase/(decrease) in cash</b>	<b>23</b>	<u><u>4,006,008</u></u>	<u><u>(19,530)</u></u>
<b>Reconciliation of net cash flow to movement in net funds</b>			
		2011 £	2010 £
Increase / Decrease in cash in the period		4,006,008	(19,530)
Cash outflow from lease financials		10,415	14,193
Change in net funds resulting from cash flows		<u>4,016,423</u>	<u>(5,337)</u>
New finance leases		(4,480)	(13,903)
New bank loans		(1,000,000)	-
Movement in net funds in the period		<u>3,013,567</u>	<u>(19,240)</u>
Net funds at 1 August 2010		737,757	756,997
Net funds at 31 July 2011		<u><u>3,751,324</u></u>	<u><u>737,757</u></u>

## **Principal accounting policies**

### **Statement of accounting policies**

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

### **Basis of preparation**

These financial statements have been prepared in accordance with the Statement of Recommended Practice: Accounting for Further and Higher Education 2007 (the SORP) and in accordance with applicable Accounting Standards. They conform to guidance published jointly by the Skills Funding Agency and the YPLA in the 2010/11 Accounts 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 and in accordance with applicable United Kingdom Accounting Standards..

### **Recognition of income**

The recurrent grant from HEFCE represents the funding allocation attributable to the current financial year and is credited direct to the income and expenditure account.

SFA recurrent grants are recognised in line with best estimates for the period of what is receivable and depend on the particular income stream involved. Any under or over achievement for the SFA adult learner responsive funding element is adjusted for and reflected in the level of recurrent grant recognised in the income and expenditure account. The final grant income is normally determined with the conclusion of the year end reconciliation process with the SFA at the end of November following the year end. Employer responsive grant income is recognised based on a year-end reconciliation of income claimed and actual delivery with the SFA.

Non-recurrent grants from the SFA 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

## **Principal accounting policies (continued)**

### **Recognition of income (continued)**

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.

### **Donations**

Where land and buildings are acquired with the aid of specific significant donations they are capitalised and depreciated in line with the fixed asset accounting policy. The related donations 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.

Where donations are not considered significant (<£10k) these are credited to the profit and loss account to match against the project costs that are of a revenue nature.

### **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.

## Principal accounting policies (continued)

### 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. Major donations received above £10k are treated as deferred capital grants. Donations below this amount are matched to project costs that are of a revenue nature.

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.

Assets 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.

#### 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

## **Principal accounting policies (continued)**

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**

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

The College is 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. Non-pay expenditure is therefore shown inclusive of VAT with any partial recovery netted off against these figures.

## **Principal accounting policies (continued)**

### **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.

### **Agency arrangements**

The College acts as an agent in the collection and payment of Learner Support Funds and HEFCE Access to Learning Funds. Related payments received from the SFA and subsequent disbursements to students are excluded from the Income and Expenditure account and are shown separately in Note 24, except for the 5 per cent of the grant (3 per cent for HEFCE) received which is available to the College to cover administration costs relating to the grant.

## Notes to the accounts

### 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

	Notes	Main Funding Body £	Higher Education Funding Council £	2011 £	2010 £
Recurrent grant		1,632,209	939,109	2,571,318	2,476,665
Release of deferred capital grants	18	15,389	75,661	91,050	140,678
		<u>1,647,598</u>	<u>1,014,770</u>	<u>2,662,368</u>	<u>2,617,343</u>

### 3 Tuition fees and education contracts

	2011 £	2010 £
Tuition fees	1,028,760	881,206
	<u>1,028,760</u>	<u>881,206</u>

#### Tuition fees funded by bursaries

Included within the amounts above are tuition fees funded by bursaries of £300,413 (2010 £261,426)

### 4 Research grants and contracts

	2011 £	2010 £
Grants and contracts	188,314	334,708
	<u>188,314</u>	<u>334,708</u>

### 5 Other income

	2011 £	2010 £
Catering and residence operations	503,430	541,157
Donations	39,625	64,545
Other income	49,448	48,777
	<u>592,503</u>	<u>654,479</u>

## Notes to the accounts (continued)

### 6 Investment income

	2011 £	2010 £
Interest receivable	23,987	11,711
Income from investments	16,031	14,782
	<u>40,018</u>	<u>26,493</u>

### 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 :

	2011 Number of employees	2010 Number of employees
Teaching departments	25	26
Non Teaching Staff	50	53
	<u>75</u>	<u>79</u>

	2011 £	2010 £
<b>Staff costs for the above persons:</b>		
Wages & salaries	2,327,071	2,405,579
Social security costs	564,721	547,532
Other pension costs	-	-
	<u>2,891,792</u>	<u>2,953,111</u>
<b>Payroll sub total</b>		
Contracted out staffing services	186,441	209,072
<b>Payroll sub total</b>	<u>3,078,233</u>	<u>3,162,183</u>
Exceptional restructuring costs	175,255	-
	<u>3,253,488</u>	<u>3,162,183</u>

The number of senior postholders and other staff who received emoluments, including pension contributions and benefits in kind, in the following groups was :

	2011		2010	
	Number Senior- post- holders	Number Other staff	Number Senior- post- holders	Number Other staff
£60,001 - £70,000	1	0	1	0
£70,001 - £80,000	0	0	0	0
£80,001 - £90,000	0	0	0	0
£90,001 - £100,000	1	0	1	0
	<u>1</u>	<u>0</u>	<u>1</u>	<u>0</u>

## Notes to the accounts (continued)

### 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.

	<b>Number 2011</b>	<b>Number 2010</b>
The number of senior post-holders including the principal was	2	2
Senior post-holders' emoluments are made up as follows:	<b>2011 £</b>	<b>2010 Restated £</b>
Salary	139,393	138,838
Pension contributions	22,303	21,754
<b>Total emoluments</b>	<b>161,696</b>	<b>160,592</b>

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

	<b>2011 £</b>	<b>2010 £</b>
Salary	83,636	83,303
Pension contributions	13,382	13,052
<b>Total</b>	<b>97,018</b>	<b>96,355</b>

The pension contribution in respect of one Principal and two senior post holders are in respect of employer's contributions to the USS Pension Scheme and are paid at the same rate as other employees

The members of the Board of Governors other than the Principal and staff members did not receive any payment from the institution other than the reimbursement of travel and subsistence

## Notes to the accounts (continued)

### 9 Other operating expenses

	2011 £	2010 £
Teaching departments	462,855	466,829
Non teaching costs	560,794	670,453
Premises costs	360,912	348,910
	<u>1,384,561</u>	<u>1,486,192</u>

Other operating expenses include auditors' remuneration:

Financial statements audit	15,040	16,658
Internal audit	11,833	13,619
Other services - Financial statements	5,662	3,450
	<u>32,535</u>	<u>33,727</u>

Loss on disposal

	1,624	-
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### 10 Interest payable

	2011 £	2010 £
On finance leases	<u>7,319</u>	<u>6,854</u>

## Notes to the accounts (continued)

### 11 Tangible fixed assets

	Freehold land and buildings £	Assets under construction £	Computer equipment £	Fixtures and fittings £	Total £
<b>Cost or valuation</b>					
At 1 August 2010	4,424,021	4,733,924	570,867	272,219	10,001,031
Additions	30,467	3,783,307	20,840	2,094	3,836,708
Disposals	-	-	(169,176)	(116,263)	(285,439)
At 31 July 2011	<u>4,454,488</u>	<u>8,517,231</u>	<u>422,531</u>	<u>158,050</u>	<u>13,552,300</u>
<b>Depreciation</b>					
At 1 August 2010	1,012,870	-	375,742	240,035	1,628,647
Charge for year	67,777	-	97,188	10,196	175,161
Eliminated in respect of disposals	-	-	(167,552)	(116,263)	(283,815)
At 31 July 2011	<u>1,080,647</u>	<u>-</u>	<u>305,378</u>	<u>133,968</u>	<u>1,519,993</u>
<b>Net book values</b>					
At 31 July 2011	<u>3,373,841</u>	<u>8,517,231</u>	<u>117,153</u>	<u>24,082</u>	<u>12,032,307</u>
At 31 July 2010	<u>3,411,151</u>	<u>4,733,924</u>	<u>195,125</u>	<u>32,184</u>	<u>8,372,384</u>

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

Land and buildings were valued in 1993 at depreciated replacement cost by a firm of independent chartered surveyors. Other tangible fixed assets inherited from the LEA at incorporation have been valued by the College on a depreciated replacement cost basis with the assistance of independent professional advice.

The net book value of tangible fixed assets includes an amount of £26,202 (2009/10 – £34,965) in respect of assets held under finance leases. The depreciation charge on these assets for the year was £11,619 (2009/10 – £11,180).

If fixed assets had not been revalued they would have been included at the following historic cost amounts :

	£
Cost	951,712
Aggregate depreciation based on cost	(295,276)
<b>Net book value based on cost</b>	<b><u>656,436</u></b>

**Notes to the accounts (continued)****12 Investments**

	<b>2011</b>	<b>2010</b>
	<b>£</b>	<b>£</b>
Listed investments (see below)	438,819	380,912
Long term deposits	32,187	30,807
	<u>471,006</u>	<u>411,719</u>
	<b>£</b>	<b>£</b>
<b>Listed investments</b>		
Balance at 1 August 2010	380,912	314,274
Investment income re-invested	16,031	14,782
Net investment gain	41,876	51,856
Balance at 31 July 2011	<u>438,819</u>	<u>380,912</u>

**13 Debtors**

	<b>2011</b>	<b>2010</b>
	<b>£</b>	<b>£</b>
<b>Due over one year</b>		
Installments from Exeter College	1,140,000	2,280,000
<b>Due within one year</b>		
Trade debtors	125,968	203,643
Other debtors	11,220	12,475
Installments from Exeter College	1,140,000	6,840,000
Prepayments and accrued income	58,577	62,683
	<u>1,335,765</u>	<u>7,118,801</u>

**14 Short term investments**

	<b>2011</b>	<b>2010</b>
	<b>£</b>	<b>£</b>
Cash In Hand	779,026	21,596
Short term deposits	4,000,000	749,798
	<u>4,779,026</u>	<u>771,394</u>

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

	<b>2011</b>	<b>2010</b>
	<b>£</b>	<b>£</b>
Obligations under finance leases	11,192	11,137
Trade creditors	298,795	327,061
Accruals and deferred income	415,194	644,338
Other creditors	44,614	27,509
Other taxation and social security	5,526	5,792
	<u>775,321</u>	<u>1,015,837</u>

## Notes to the accounts (continued)

### 16 Creditors: amounts falling due after one year

	2011	2010
	£	£
Long term Bank Loan	1,000,000	-
Obligations under Pension Contributions	5,526	-
Obligations under finance leases	16,510	22,500
<b>Total</b>	<b>1,022,036</b>	<b>22,500</b>

### 17 Analysis of Borrowings of the College

#### (a) Bank loans

Bank loans are repayable as follows

	2011	2010
	£	£
In one year or less	-	-
Between one & two years	-	-
Between two & five years	111,111	-
In more than five years	888,889	-
<b>Total</b>	<b>1,000,000</b>	<b>-</b>

Currently Bank loans are at 1.75% above base rate. Repayment by installments will fall due between October 2013 and September 2040. The total £1m loan is secured on a portion of the freehold land and buildings of the college

#### (b) Finance leases

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

	2011	2010
	£	£
In one year or less	11,192	11,137
Between two and five years	16,510	22,500
<b>Total</b>	<b>27,702</b>	<b>33,637</b>

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

### 18 Deferred capital grants

	SFA Grants	Other Grants	Deferred Donations	Total
	2010	2010	2010	2010
	£	£	£	£
At 1 August 2010	186,763	158,635	224,863	570,261
Cash received	-	445,739	-	445,739
Funds due but not received	-	(43,213)	-	(43,213)
Released to income and expenditure account	(15,389)	(75,661)	-	(91,050)
<b>At 31 July 2011</b>	<b>171,374</b>	<b>485,500</b>	<b>224,863</b>	<b>881,737</b>

### 19 Reserves

	Revaluation reserve – buildings	Capital reserve	Revenue reserve	Development Fund (note 20)	Scholarship bursary & prize funds	Fellowship Funds	Total
	£	£	£	£	£	£	£
At 1 August 2010	2,252,511	1,158,640	13,020,414	510,772	397,213	6,150	<b>17,345,700</b>
Transfers	-	(15,279)	533,962	(510,772)	(8,583)	672	-
Scholarship bursary prize funds	-	-	(16,031)	-	16,031	-	-
Revaluation of investments to market value	-	-	-	-	41,876	-	<b>41,876</b>
Deficit for the year	-	-	(308,566)	-	-	-	<b>(308,566)</b>
Transfer of depreciation on revalued property	(22,032)	-	22,032	-	-	-	-
<b>At 31 July 2011</b>	<b>2,230,479</b>	<b>1,143,361</b>	<b>13,251,811</b>	<b>-</b>	<b>446,537</b>	<b>6,822</b>	<b>17,079,010</b>

## Notes to the accounts (continued)

### 20 Development fund

	2011	2010
	£	£
At 1 August 2010	510,772	472,347
Donations - restricted to capital development project	11,145	38,425
Transfer to revenue reserve	(521,917)	-
At 31 July 2011	<u>-</u>	<u>510,772</u>

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

In the current year this has been transferred to the general reserve to match against the capital project spend on the Headington Redevelopment.

### 21 Scholarship, bursary and prize funds

	2011	2010
	£	£
At 1 August 2010	397,213	341,222
Appreciation of fixed asset investments	41,876	51,856
Interest, donations and allocations	21,126	14,782
Awards, prizes and grants	(13,678)	(10,547)
At 31 July 2011	<u>446,537</u>	<u>397,213</u>

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

	2011	2010
	£	£
Loss on continuing operations after depreciation of assets	(308,566)	7,785,211
Depreciation (note 11)	175,161	207,615
Profit on disposals	0	(8,133,826)
Deferred capital grant released to income (note 19)	(91,050)	(140,678)
Interest payable (note 10)	7,319	6,854
Investment income	(40,018)	(26,493)
Decrease / (Increase) in debtors < 1 year	39,823	108,352
Increase / (Decrease) in creditors	(235,045)	428,100
Net cashflow from operating activities	<u>(452,376)</u>	<u>235,135</u>

### 23 Analysis of changes in net funds

	At 1st August 2010 £	Cash flows £	Other changes £	At 31st July 2011 £
Short term deposits	749,798	3,250,202	-	4,000,000
Cash at bank and in hand	21,596	757,430	-	779,026
	<u>771,394</u>	<u>4,007,632</u>	<u>-</u>	<u>4,779,026</u>
Finance leases	(33,637)	5,935	-	(27,702)
Bank loans		(1,000,000)	-	(1,000,000)
	<u>737,757</u>	<u>3,013,567</u>	<u>-</u>	<u>3,751,324</u>

## Notes to the accounts (continued)

### Amounts disbursed as agent

#### 24 Access funds

	HEFCE	FUNDING BODY GRANTS	2011	2010
	£	£	£	£
Balance over/underspent at 1 August 2010	325	(3,128)	(2,803)	1,865
Funding Council grants	11,829	9,629	21,458	18,628
Interest earned	-	-	-	-
	12,154	6,501	18,655	20,493
Disbursed to students	(2,552)	(4,541)	(7,093)	(22,562)
Administration fee	(77)	(232)	(309)	(734)
<b>Balance unspent/(overspent) at 31 July 2011</b>	<b>9,525</b>	<b>1,728</b>	<b>11,253</b>	<b>(2,803)</b>

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

#### 25 Fellowship Funds

	2011	2010
At 1 August 2010	6,150	-
Income	2,490	6,150
Expenditure	(1,818)	-
At 31 July 2011	<b>6,822</b>	<b>6,150</b>

On 31st July 2010 the Ruskin Fellowship amalgamated their funds into the main balance sheet. These funds will be reported on annually in the report, and held as a restricted fund in note 19

#### 26 Post Balance Sheet Events

There were no significant post balance sheet events

#### 27 Commitments

	2011	2010
Commitments contracted at 31 July 2011 for Headington Redevelopment	<b>4,039,878</b>	<b>2,917,421</b>

#### 28 Related party transactions

Owing to the nature of the College's operations and the composition of the board of governors being drawn from public and private sector 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 such organisations are conducted at arm's length and in accordance with the College's financial regulations and normal procurement procedures.