

Southgate College
Annual Report and Financial Statements
2000/01

1 Chairman's Introduction

I am pleased to report that the academic year 2000/01 has been another successful period for Southgate College.

During a time of great change, most notably those changes associated with the introduction of the Learning and Skills Council (LSC), the College has achieved a range of milestones and academic and financial objectives.

Issues of note during the year include:

- An overall increase in retention and achievement rates with some particularly successful students.
- The impact of the Teaching Pay Initiative allowing the College to increase salaries of lecturers.
- Emphasis on improved Basic Skills for many students and enthusiastic involvement with the Government's Basic Skills Quality Initiative.
- Growing commitment to provide financial support for students with over 1000 students helped with funds, fees or books.
- Edmonton Green College Centre. A new out centre opened in partnership with Enfield College and Capel Manor College.
- New outcentres at Enfield Town and Potters Bar helping the College to reach out to the community.
- Positive student perceptions of the College with students giving the highest ratings given to our teaching and course staff.
- Achievement of the funding target agreed with the LSC.

The financial health of the College remains strong and exciting new academic developments, such as the development of a dedicated sixth form centre for September 2002, gives me every confidence that Southgate College will continue to attract growing numbers of new students and offer them a supportive learning environment so that all may succeed.

As ever, I am thankful to my fellow Governors who donate so much of their time and contribute much expertise toward the strategic development of the College.

Finally, on behalf of the Governing Body, I wish to thank the management and staff for their ongoing dedication and commitment, ensuring that Southgate College remains one of the leading institutions in north London.

Andrew Nicholas BSc
Chairman of the Governing Body

Contents	Page
Introduction by the Chairman of the Governing Body	2
The Governing Body	4
Members' Report	
Mission	4
Strategic Objectives	4
Student Perceptions	13
Sustainable Development	14
Performance Indicators	14
Student Numbers	14
Governance and Management	14
Finances	15
Creditors Payment Policy	15
Disability Statement	16
Planned Maintenance Programme	16
Members' Appointments and Resignations	17
Professional Advisors	18
Statement of Responsibilities of the Members of the Governing Body	19
Corporate Governance Statement on the System of Internal Financial Control	20
Independent Auditors's Report to the Governing Body	21
Consolidated Income and Expenditure Account	23
Consolidated Statement of Total Recognised Gains and Losses	24
Consolidated Statement of Historical Cost Surpluses and Deficits	24
Consolidated Balance Sheet	25
Consolidated Cash Flow Statement	26
Reconciliation of Net Cash Flow to Movement in Net Funds	26
Notes	27

Members' report

The Members present their report and the audited financial statements for the year ended 31 July 2001.

The Governing Body

The Governing Body was established under the Further and Higher Education Act 1992 for the purpose of conducting Southgate College. The College is an exempt charity for the purposes of the Charities Act 1993.

Mission

The College's mission as approved by the Governing Body is:

- To maintain Southgate College as a centre of excellence in education and training by providing opportunities for all who wish to benefit, what ever their age and abilities.
- To foster Southgate as a caring college by providing appropriate guidance and counselling for students so all may "Succeed at Southgate".
- To stimulate the economic, intellectual, cultural and social life of the community.

Strategic Objectives

During 2000/2001 the College prepared a strategic plan for the period to 2004. This strategic plan includes an accommodation strategy and financial forecasts. The Governing Body monitors the performance of the College against these plans. The plans are reviewed and updated each year. The College's continuing strategic objectives are:

1. To pursue actively all elements of the Southgate College Mission Statement through staged improvements to the Access, Process and Content phases of the curriculum offer.
2. To continue to develop a high quality and cost-effective education and training service to the community served by Southgate College.
3. To implement, wherever possible, the key findings of the Widening Participation Committee report, "Learning Works" as well as other current Government Initiatives.
4. To maintain the financial viability of Southgate College and its ability to operate as an independent body through the Southgate College Governing Corporation.

Our Aims

To improve completion and achievement rates for all students;

To widen participation in education among under-represented social groups and communities;

Our Values

Our College values highly:
The needs and aspirations of all students, clients and staff;

The continuous commitment to improving quality within all operations in the pursuit of institutional excellence;

To secure continuing, short and long term financial viability;	Equality of opportunity for all students and staff;
To increase non-FEFC income streams;	The richness of communities and commerce within North London;
To continue to invest in people;	The widening of participation among members of these communities and organisations;
To establish our customer and learning support services as centres of excellence;	Clear systems of communication to ensure information flows freely and purposefully to the benefit of all;
To develop performance indicators, benchmarks and targets as key management tools to ensure continuing self-improvement.	Planning monitoring and review as key strategies within all operations and delivery to achieve our Vision and Mission;
	The emphasis on and investment in teamwork to ensure that all staff contribute to our success and that this is recognised as crucial to continuous improvement;
	Financial stability as the platform on which high staff and student achievement can be based.

The College's specific objectives for 2000/2001 and achievement of these objectives is addressed below:

To improve completion and achievement rates for all students:

Retention and achievement overall continue to increase year by year. Specific achievements include the following;

Paralegal

Nicola Dignum was the gold medal, national winner of the National Association of Paralegals 2000/2001. Nicola gained distinctions in both the examination modules:

General Principles of Law (81%)
Procedural Law (80%)

"It was very hard work but it was fun the lecturers were very helpful and I enjoyed the course very much."

Drama, Dance & Music

Elizabeth Anastasiou gained three 'A' levels in August 2001:

Drama grade A
Dance grade B
Music grade C

"I have enjoyed my time at Southgate College both socially and educationally and would recommend the college to anyone. The staff have been very supportive"

Elizabeth is now at the University of North London studying a Degree in Performing Arts.

Sciences

Sarah Berhame came to the U.K two years ago from Eritrea. In August 2001 she gained two 'A' Levels:

Chemistry grade B

Biology grade B

Sarah now wants to become a Medical Scientist.

"The college has been fantastic, I enjoyed my time here."

Soccer

The College's men's five-a-side football team won the British College Sports National Championships in April 2001.

The team is part of the Football & Fitness Skills course at Southgate College. The course aims to develop a high level of football skills alongside a programme of academic study, in which they are also producing excellent grades.

Leisure & Tourism

Omotunde Oyefolu completed her GNVQ in Leisure & Tourism in June 2001 gaining an overall merit.

During the two-year course, Omotunde was very enthusiastic in gaining experience in the Travel & Tourism industry and with nine other students completed a three-week work placement in the regional Tourist Board Headquarters of The Costa del Sol and then obtained a part time job in a Travel Agency in North London.

During the course she also learnt Spanish and became a parent, but nevertheless always completed all her work on time.

Omotunde is now working for a local travel agency and Tour Operator that specialises in the Caribbean market.

2000/2001 was a transitional year, concerned with meeting the closing requirements of the FEFC and preparing to satisfy the emerging demands of the LSC nationally and locally. External imperatives required attention and led to changes to established internal quality assurance cycles. For a time there were uncertainties about the remit and functions of the two new Inspectorates, and the relationship of the latter to the LSC in its quality assurance role. When the Common Inspection Framework, the status of Self Assessment and the LSC deadlines for SA reports and development plans were finally known, it was possible to brief staff and set up revised internal systems. Specifically the College has recast the Self Assessment Report to focus on the seven key questions of the Common Inspection Framework (CIF), established an earlier completion date for its Self Assessment Report (September) and strengthened links between Self Assessment and Planning. These changes will be worked through and refined in the coming year.

Internally, several key processes were consolidated. These included training to embed graded observations of teaching and learning; internal moderation of the SAR through a series of Internal Inspections; strengthening of initial interviewing and assessment processes; gathering additional student feedback through focus groups which explored student satisfaction questionnaire responses. All these activities were designed to promote students success by improving retention and achievement.

Two significant initiatives in the year were setting up a Standards and Performance Committee of the Governing Body, and participation in the Learning PROBE quality benchmarking exercise run nationally through the Learning and Skills Development Agency (LSDA). The Committee is providing an informed critical scrutiny of College QA processes and their outcomes. The PROBE exercise resulted in an action plan and the establishment of a cross college quality monitoring group. The exercise and the group is supplementing omit findings from both student and staff satisfaction surveys.

Priorities for next year continue to be raising retention and achievement, through further work on processes such as attendance monitoring, and the introduction of motivational interviewing, supported by value added data.

Within the year Southgate College worked on four significant projects, with the Learning and Skills Development Agency.

The first involved developing the Progression Centre as a tutorial service for part time students, and in the process services for full time students were also enhanced. Within the Enrichment Programme the opportunity to take an OCN course and qualification was built into use of the Centre.

Meanwhile, in another LSDA Project, work was going forward to help students at risk of dropping out in the early stages of their courses, through monitoring, mentorship, and work in the Progression Centre. The Project led to useful contacts, enabling help for disaffected students to be set up and training to be offered to College staff.

In the Support Services area, research and development into Initial Interviewing Systems took place involving several colleges in a comparative study, and resulting in some refinements to the system at Southgate College.

Finally, a major project on Observation of Tutorials was begun by Lead Tutors, again using national consultancy services as a trigger and benchmark. The work of devising a system and protocols, with related training, is carrying forward into next year.

To improve communication and consultation within the College:

This was in part achieved through the Learning PROBE exercise described above but also through staff consultation on restructuring, a new Senior Management Team structure with revised objectives, and a wide availability of minutes from cross college groups.

To continue to promote staff development and prepare for LLSC staff development is key to an informed workforce.

Development was supported across a wide range of curriculum and service areas. These included Key Skills, Curriculum 2000, ICT/ILT, Basic Skills and College Management Information Systems.

Valuable work in Key Skills was undertaken together with the North Circular Staff Development Network and the Learning and Skills Development Agency – 13 events were mounted and attended over the year.

Many staff attended external professional updating conferences, concerned with changes to subject and assessment specifications, with new funding arrangements and with the new Inspection arrangements. In-house team events were facilitated by external speakers and College staff. Training to meet statutory obligations continued in Health and Safety, Basic Skills and initial Teacher Training.

Staff development to support Information and Learning Technology and Information Technology continued with a high profile for the European Computer Driving License, which 30 people completed successfully, and other training for both teaching and support staff.

An innovative Staff Conference was held mid-year on Equal Opportunities/Diversity which resulted in a revised policy and action plan for the College.

Members' report (continued)

In all, there were some 1500 attendances at staff development; the service was monitored by line managers and staff and considered to be contributing strongly to the success of both curriculum and support services in meeting College and student needs.

Continue to work on Curriculum 2000:

A comprehensive and flexible programme for Curriculum 2000 was provided. An enhanced enrichment offer was established together with key skills and guidance. The changes brought about by this initiative continued to be worked through with the changing demands for guidance as students progress through the programme and make further career choices through the two years.

To develop basic skills and key skills work across the curriculum:

To promote inclusive learning as a whole college approach:

To improve retention and achievement:

Key Skills have maintained a high profile at Southgate College despite national uncertainties about their future. We have continued with a blocked delivery model, which allows us to put students in an attainable level class. Many of the assignments and teaching/learning materials have been redesigned following an examination of available resources and what worked well last year. We redesigned aspects of the Initial Assessment in order to allow personal tutors to set them and make a more precise measurement of the level a student could attain. We have altered the provision in line with QCA and DFEE statements on the need to focus on the attainment of level 2. Thus students who have attained level 2 now have the option of working toward level 3, through workshop provision. Many students have taken advantage of this due to universities and employers desiring Key Skills.

The report from our external moderator demonstrated a high quality of assignments and assessments across the three main Key Skills and at all levels.

The College is preparing for the requirements of the Disability Discrimination Act Part 3 and the SEN and Disability Act 2001.

The College is developing Basic Skills with reference to the National Agenda outlined in the Skills for Life Document issued by the DFES Basic Skills Strategy Unit.

To date the College has:

- Been involved in the LSC Basic Skills Quality Initiative and had features of good practice published in the development materials issued to all providers.
- Produced an extensive Basic Skills Action Plan and submitted to the LSC.
- Begun the facilitation process related to the Basic Skills Quality Initiative.
- Recruited a Basic Skills Team from existing college staff.
- Offer basic skills classes across the college using the same model as Key Skills.
- In conjunction with Enfield LEA, set up three Family Literacy Programmes in local primary schools.
- Been successful in gaining funding for Basic Skills in the Community Project which has led to LSC funding for Outreach provision for ex-offenders and those at risk of offending.
- Increased the Adult Basic Skill numbers on College programmes.
- Increased the Entry Level provision to include two groups of year 10 learners from local secondary schools with an emphasis on Basic Skill development.

Members' report (continued)

- Been a lead college in delivering the Basic Skills Agency Intensive Teacher Training Programme related to the National Core Curriculum in Literacy and Numeracy. Over 200 teachers have attended the training which includes all of the College's Basic Skills team.
- Been highly involved in the national consultation of a Pre-entry curriculum and the 'Access for All' document which gives guidance and strategies to make the Core curricula fully accessible to learners with learning difficulties and/or disabilities.

The College supports students through its student services. Through the year 2000/2001:

- Medical staff and selected First Aiders were trained to use new equipment i.e. Defibrillator
- Medical staff offered relaxation and massage workshops on a Staff Development Day
- The Youth Worker completed training on Benefits and offered weekly sessions to students from October to May
- The Sabbatical Officer went on to a senior post in the NUS
- The Co-ordinator of Student Services was invited to take the Chair of National Subcommittee on FE for AUCFC and to sit on National Executive
- 1004 students applied for financial assistance of which:

535 were successful
469 were unsuccessful
452 received Access Funds (LSF)
263 received book vouchers
327 received travel/bus passes
24 received child care
68 left before completing their course

83 students received Hardship (College) Funds
all received travel/bus passes
20 left before the course was completed
67 received EMAs

As part of Curriculum 2000 the College Enrichment Programme was expanded to provide students with the opportunity to add breadth to their programmes. Personal tutors negotiate a student's Individual Learning Programme to include any Enrichment and/or Learning Support Activities.

A pilot programme to support students who were identified as 'at risk' was set up, in which learners were supported by colleagues who trained as mentors. Three Tutorial Assistants have been appointed to monitor attendance and provide a prompt response to unexplained absence. At Induction all students received an Individual Induction Pack of resources and activities. A bank of Tutorial Resources is available in the Progression Centre both in hard copy and through software on the PCs e.g. Learning Styles, Progress File and Career Packages.

Members' report *(continued)*

The tutorial support offer for part time students has been reviewed and extended through services in the Progression Centre. Lead Tutors have furthered their individual projects developing a model tutorial programme schedule; a range of tutorial resources.

Although College Tutorial systems and processes are embedded, the Lead Tutor Group are developing a monitoring, self-assessment and observation process, to help improve the consistency and quality of the service to learners. Tutorial support has benefited through participation in the LSDA Best Practice Network in Tutoring. The Manager of Tutor Support has contributed and presented on "Supporting Part Time Students through Progression Centre Services" which features in the recent LSDA publication 'Tutoring'.

Within the Library and Learning Resources Centre (LLRC) use of the ground floor for silent study increased through the year although the environment was not easily compatible with computer use, which could sometimes be noisy. The Progression Centre was split from the LLRC at the end of the year and meant re-locating the silent area upstairs. This and the re-siting of the computers upstairs should lead to a more controllable area, but also one which is more crowded.

The generic induction assignment proved useful in providing the opportunity for a large number of groups to carry out hands-on information seeking at an early stage. Many students have also required significant assistance in very basic information retrieval when the Internet cannot produce what they need or is overwhelming in its diverse offerings.

The Progression Centre has moved on quite considerably since its first development in January 2000. The primary aim of the Progression Centre remains that of offering advice, guidance, support and tutorial provision for part time students. In 2001/2002 it will bring all the careers and IAG work together. There will also be provision for students to book individual study carrels and computers to support their studies at college.

To work with other partners in the lifelong learning partnership:

Southgate College continues to be an active partner in the sub-region and region. With its partner colleges in Enfield, the Edmonton Green College Centre has been established and been very successful in widening participation. Southgate College is a member of an HE consortium together with Middlesex University and Enfield College.

The College has for many years carried out some work in collaboration with schools.

The Pupil Retention Grant has provided additional funding to support schools in encouraging disaffected young people to stay in education. It was made easier for schools to disapply youngsters from the National Curriculum and to use the facilities offered by FE colleges and other providers. More recently there have been moves to provide an enriched offer, not only to disaffected young people for whom the school curriculum may not be the most appropriate, but also for all those who may wish to take advantage of a wider choice which may be available as a result of the school and FE sectors combining their resources.

In the last two to three years the College has increased immensely its work with schools and other organisations which deal with the education and care of young people of compulsory school age. The College generated approximately £100,000 from this work in 2000/01.

Members' report (continued)

Increase in non-FEFC income streams:

The year 2000/2001 saw a great many changes in the Minchenden Business Centre (MBC). Staff numbers increased with the employment of a .6 Weekend College Co-ordinator to oversee the Centre's expanding short course provision at the weekends. This has led to an increase in Saturday student numbers as well as an increase in parents and partners of our students coming for a coffee and a chat with staff.

The role of New Businesses Co-ordinator was created and the post-holder transferred to this Centre in order to work more closely with the team. The co-ordinator's work is to build up partnerships and write bids to attract additional business from other funded sources eg ESF, LSC Work Based Training etc. A full-time clerical support post was created to spend half of their time assisting with the paperwork that these new bids generate and the remaining part of the job to work with the MBC Manager in the development of other funded initiatives including Learn Direct, UK Online and the DeltaPlus project.

The College's satellite centre in Edmonton Green (set up partway through 1999/2000 in conjunction with the other Enfield Colleges) has greatly expanded its work and Southgate's IT section has an established year-round flexible rolling programme offering a range of courses from absolute beginners up to the more advanced IT students. The IT support staff were also increased to cope with the demand that the flexibility of programme requires. Responding to demand we are now open all day on Saturday. We were pleased to acknowledge the work of some of our excellent students who have either come through adversity to achieve or whose enthusiasm has not been dimmed by age.

In March 2001, Minchenden Business Centre took over the running of a centre at Potters Bar and installed sixty new PCs of the latest specification and software, as well as associated equipment and chairs. This out-centre also runs a flexible, rolling programme during the day and is planning an expansion in 2001/2002 by opening in the evenings and weekends and adding to its portfolio of courses. A new Centre Manager was appointed and some existing and some new IT support staff have joined the team to ensure that students are given every assistance.

At the end of May 2001 MBC opened a new IT centre in Enfield Town. This is a joint partnership between Southgate College and Tektra Limited. The centre has been equipped with 50 PCs in order to offer flexible training programmes during the day, evenings and Saturdays. The Centre is currently offering two programmes – City and Guilds 4248 and 7261 Certificate. A new Centre Manager was also appointed here as well as a new team of IT support staff and clerical/administration staff to support the venture.

The Minchenden Business Centre is also involved in expanding its Corporate training provision. MBC is the major provider of all IT training for the London Borough of Enfield and in addition has offered IT training to many other small/medium companies. Additionally, MBC have delivered hoist training to the staff of a local nursing home as well as four large training programmes leading to the RIPHH Food Safety Certificate. The expansion of Corporate training into different areas of training continued with the NEBS Supervisory Management course being delivered to clients from the London Borough of Haringey and many of our smaller companies seeking specialist training. Our database of companies seeking training has expanded to over 50 organisations. As there is still room to grow in this area of the market we are putting in plans to develop our corporate business further.

MBC plays a large part in the Southgate College Staff Development programmes. It is currently training to a target of 80%, of all staff within three years, to hold the European Computer Driving Licence. This is well on target with very good first year results and a great enthusiasm not to say competitiveness amongst the staff involved. First Aid at Work is still

Members' report (*continued*)

proving popular with staff as well as a wide range of short courses to enhance everyone's skills. The College also offered a good linking programme with training opportunities for those staff and students with an IT specialism, who are currently on their teacher training programmes.

The MBC team, under the direction of the Centre Manager, are made up of 80+ ELS/Southgate College contracted staff, three clerical support staff, two manager/co-ordinators, one full time and one .5 lecturers in addition to the staff based at the three satellite centres. The work of the MBC is flexible and co-ordinated with a six day/five evening a week operation, running throughout the calendar year. All the staff work across our four sites, when required, to encourage team work, and to support the success of our range of programmes.

Marketing responsibilities are continuously growing with the inclusion of Potters Bar College Centre, Enfield I.T Learning Centre along with the ongoing work at Edmonton Green College Centre and the main site at Southgate.

Marketing activities include:

- External Advertising such as in newspapers, specialist magazines, bus stops, buses, community literature, cinema magazines. There are specific course leaflets in addition to the main prospectuses and a greater use of the College web site.
- Internal Marketing
Throughout the year, the Marketing Department promotes internal events to staff and students for a broad range of issues, performances and exhibitions. One of these major events is the Induction Fair for new full time students in September. There are also many Prize Giving Ceremonies, The End Of Year Show and more recently preparation for the Beacon Award visit to Edmonton Green
- Prospectuses & Course information
Full Time Prospectus
Part Time Prospectus
College Charter
Student Planner/Diary
PISA (Publication of Information on Student Achievement)
English Language Course guide
Handbook for part-time students
- Advice & Guidance Sessions
Throughout the year there are a number of Advice & Guidance/Open Day type events that are promoted and organised to encourage enrolments.
- Outreach
Much time and effort was spent in attending careers/schools fairs community days two week long exhibitions at Wood Green Shopping City in order to invite members of the public to open days and for the distribution of literature etc.
The North London Learning Fair in June 2001 and the Adult Learner's Week in May were two of the major events of the year.
- School Links
Efforts have been made to build up a dialogue in order to broaden the curriculum offer for 14 – 19 year olds.

Members' report *(continued)*

- Press Releases
Every opportunity is taken to share our success with the press and the College was very successful at getting press releases published.
- Student Feedback
Every autumn and summer a major student questionnaire feedback exercise is carried out to ascertain the views and feelings of our students. In addition, focus groups are done with smaller numbers of students to get more qualitative.
- Committees
Marketing are represented on many of the Colleges Committees and Boards.

Student Perceptions of Southgate College

In 2000-2001 Student Satisfaction data was collected through an end of year questionnaire benchmarked against a national model, and through three focus groups comprising a cross section of students.

Questionnaire Responses

The highest ratings were for these points:

1. Teachers and course staff are friendly and helpful.
2. Support on assignments and tests is helpful.
3. Support from personal tutors is helpful, regular and easily available.
4. Extra help with studies is easy to get and useful.

The College as a place largely free of racial tension, sexual harassment or bullying was endorsed.

The areas of lowest satisfaction concerned the lack of cleanliness in some College areas, some classrooms found dull and unattractive, difficulty in getting help with personal problems, and lack of welcomingness in the Library and Learning Resources Centre. Focus Group feedback confirmed these points, and in addition that internet access on computers was too restrictive.

Focus Group Responses

Of the three sessions, one was for general feedback, one focused on take up of tutorials and enrichment activities in flexiweek and one looked at how the Equal Opportunities policy was working in practice.

Positive feedback included:

- Most students knew the purpose of flexiweek and had received tutorials, completed action plans and individual learning programmes.
- Students did not think there was an equal opportunities issue in the College, found that students respected each other's differences and were not aware of intimidation.

Members' report (continued)

Dissatisfaction expressed concerned LLRC opening times (opened too late, closed too early), the negative attitude of some staff especially in the LLRC, and some favouritism in some classes. They felt the latter was understandable since staff would clearly favour students who liked their subject. It was not seen as a racial issue.

In addition it was noticeable that not all students had received a consistent message about flexiweek activities, and some had completed the necessary tasks in the weeks following.

As a result of the feedback further work on College refurbishment has been carried out, and arrangements for induction and tutorial activities in Flexiweek have been strengthened.

Promote Sustainable Development

During the year 2000/2001 Southgate College established a sub committee of the academic board whose remit is to promote sustainable development. A policy was agreed and an audit tool developed. An audit was carried out and an action plan has now been developed responding to the curriculum community, estates and business as a whole. In addition Southgate College won special funding to further support this area of work. Through this work was done on a curriculum project, materials were developed for Governors and a National Conference held.

Performance Indicators

During 2000/2001 the College continued to use the range of performance indicators covering academic and financial activities. These performance indicators conform to FEFC guidelines and are published separately by the FEFC, now LSC.

- achievement of funding target;
- percentage change in student numbers;
- in-year retention rates;
- achievement rates;
- contribution to national targets.
- key financial objectives

Student Numbers

The College is funded according to the units of activity it generates each year. In 2000/01, the College achieved an estimated 507,000 units against a target of 504,000 units.

Governance and management

At the last Inspection the area of Governance received a Grade 1 in recognition of the work being undertaken by the Governing Body. The Governing Body conducts its business through a number of committees. Each committee has terms of reference that have been approved by the full Corporation. These committees are Finance & Staffing, Audit, Remuneration, Standards and Performance and Academic Board. In addition, the College also operates a Search Committee to assist in the identification of new members.

The full Governing Body meets seven times a year. The Finance & Staffing Committee meets each month. The Audit Committee meets 3 or 4 times a year. The Remuneration Committee meets annually. The Academic Board meets termly. Copies of Agendas and Minutes from relevant meetings are available from the Clerk to the Corporation at:

Southgate College, High Street, Southgate, London N14 6BS.

Members' report (continued)

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

The minutes of the Corporation meetings and sub-committee meetings are also posted on the College website at <http://www.Southgate.ac.uk/>.

Finances

The College generated an operating deficit in the year of £69K (1999/00: deficit £265K) and a historical cost surplus of £295K (1999/00 surplus: £106K).

The College has accumulated reserves of £16,100K and cash balances of £1,797K.

The College average level of funding per unit of activity was £17.27. The median average level of funding for the sector for 2000/01 was £17.00-£17.20.

Creditors payment policy

It is the College's policy to pay all of its suppliers within 30 days of the end of the month in which it receives the goods or services, provided that the College is satisfied that the supplier has provided the goods or services in accordance with the agreed terms and conditions. The College does not follow any code or standard on payment practice nor is it the College's policy to agree terms of payment in advance with suppliers.

The number of days' purchases outstanding for payment by the College at the year end was 45 days.

Post balance sheet events

There are no Post Balance Sheet items.

Staff and student involvement

The College considers good communication with its staff to be very important and to this end the College encourages staff and student involvement through membership of formal committees and ensures wider communication through the publication of a staff bulletin and the development of a College Intranet.

Charitable and taxation status

The college is an exempt charity for the purposes of the Charities Act 1993 and is not liable to corporation tax.

Employment of disabled persons

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

Members' report *(continued)*

Disability Statement

The College seeks to achieve the objectives set down in the Disability Discrimination Act 1995 and in particular makes the following commitments:

- a as part of its Accommodation Strategy the College will consider the feasibility and practicality of a range of adaptations, such as the installation of lifts and ramps, etc, so that eventually most of the facilities will allow access to people with a disability;
- b there is a list of specialist equipment, lighting for audio facilities, etc, which the College can make available for use by students;
- c the admissions policy for all students is described in the College charter. Appeals against a decision not to offer a place are dealt with under the complaints procedure;
- d the College has made a significant investment in the appointment of specialist lecturers to support students with learning difficulties and disabilities. There are a number of student support assistants who can provide a variety of support for learning. There is a continuing programme of staff development to ensure the provision of a high level of appropriate support for students who have learning difficulties and/or disabilities;
- e specialist programmes are described in programme information guides, and achievements and destinations are recorded and published in the standard College format;
- f counselling and welfare services are described in the College charter.

Planned maintenance programme

The cost of the College's planned maintenance programme over a period of five years is estimated to be £1,250K, resulting in an average annual charge of £250k. The programme was developed following a survey of the College's estate which was carried out during 1999/2000. The programme is reviewed each year.

The College plans to carry out the works which were outstanding at 31 July 2001, together with the works planned for future years.

Planned maintenance programme:

	2000-01	2001-02	2002-03	2003-04	2004-05
	£000s	£000s	£000s	£000s	£000s
Planned Maintenance Works outstanding At 1 August 2000	202	306	306	206	56
Average Annual Charge	250	250	250	250	250
Actual or Planned Expenditure	146	250	350	400	306
Planned Maintenance Works outstanding At 31 July 2001	306	306	206	56	-

* note 9 to the accounts

Members' report (continued)

Members

The members who served the corporation during the year were as follows:

Name	Date of appointment	Term of office	Date of Resignation	Status of appointment	Committees served
Irmengarde Baker	Reappointed December, '99	2 yrs	N/a	Staff Governor	Standards & Performance Finance & Staffing, Standards & Performance, Remuneration.*
Michael Blagden				Ex Officio/ Principal	
Owen Clinton	Reappointed Dec.1999	2 Yrs	N/A	Staff Governor	Audit, Standards & Performance
Andreas Constantinides	Reappointed November'96	4 Yrs	Nov.'00	Co opted	Audit
Brian Edwards	June '98	4 Yrs	Feb '01	Business	Finance & Staffing Remuneration
Prof. Ken Goulding	Dec.1999	4 Yrs		Co-Opted	Audit
Bob Holmes	June 1998	4 Yrs		Business	Audit
Rod Lyons	Dec. 1999	2 Yrs		Local Authority	-
Mohammed Manjra	Nov. 2000	4 Yrs		Business	Audit
Sandria Morgan	Sep. 2000	1 Yr	Sep. '01	Student Gov.	-
Jean McLaughlin	1996	4 Yrs	Nov. '00	Business	
Andrew Nicholas	Nov. 2000	4 Yrs		Business	Finance & Staffing Remuneration.
Mike Nixon	1996	4 Yrs	Nov. '00	Business	Finance & Staffing Remuneration
Patricia Price	Dec. 1999	4 Yrs		Co Opted	Finance & Staffing Standards & Performance.
Derrick Southon	Nov. 1998	4 Yrs		Business	Finance & Staffing, Standards & Performance.
David Williamson	Dec. 1999	4 Yrs		Business	Finance & Staffing Remuneration
Siva Vellupia	Non Gov. Co- Optee Nov.96	4 Yrs	Nov.2000	External member	Audit
John Thorpe	Nov. 2000	4 Yrs		Business	Finance & Staffing

* Not a member of the Remuneration Committee when the remuneration of the Principal is under consideration.

The following persons also acted as Directors of the College's wholly owned subsidiary, Minchenden Business Centre Limited:

Mr A Nicholas
Mr D Williamson
Mr M Blagden

Registered Address

Southgate House
High Street
Southgate
London N14 6BS

Members' report *(continued)*

Professional advisors

External auditors (Financial Statements)	Bentley Jennison, 62-64 Bromham Road, Bedford, MK40 2QG
External auditors (ISR)	RSM Robson Rhodes. Bryanston Court, Selden Court Hemel Hempstead, HP2 4TN
Internal auditors:	KPMG, 2 Corwall Street, Birmingham, B3 2DL
Bankers:	Lloyds TSB Bank Plc, 7 Highland Parade, Cockfosters, Barnet, Hertfordshire, EN4 0DA
Solicitors:	Breeze & Wyles, 114 Fore Street, Hertfordshire, SG14 1AG

Members' report *(continued)*

Statement of the responsibilities of the Members of the Governing Body

In accordance with the College's Instrument and Articles of Government the Governing Body is responsible for the administration and management of the College's affairs, including ensuring an effective system of internal control, and is required to present audited financial statements for each financial year.

The Governing Body 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 of incorporation and other relevant Accounting Standards. In addition, within the terms and conditions of a Financial Memorandum agreed between the Further Education Funding Council/ Learning and Skills Council and the College's Governing Body, through its designated office holder, is required to prepare financial statements for each financial year which give a true and fair view of the College's state of affairs and of the surplus or deficit and cash flows for that year.

In preparing the financial statements, the Governing Body has ensured that:

- suitable accounting policies are selected and applied consistently;
- judgements and estimates are made that are reasonable and prudent;
- applicable Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements; and
- financial statements are prepared on the going concern basis unless it is inappropriate to assume that the College will continue in operation. The Governing Body is satisfied that it has adequate resources to continue in operation for the foreseeable future: for this reason the going concern basis continues to be adopted in the preparation of the financial statements.

The Governing Body has taken reasonable steps to:

- ensure that funds from the Further Education Funding Council/ Learning and Skills Council are used only for the purposes for which they have been given and in accordance with the Financial Memorandum with the Funding Council and any other conditions which the Funding Council may from time to time prescribe;
- ensure that there are appropriate financial and management controls in place to safeguard public funds and funds from other sources;
- safeguard the assets of the College and prevent and detect fraud;
- secure the economical, efficient and effective management of the College's resources and expenditure.

Approved by order of the Members of the Governing Body on 12 December 2001 and signed on its behalf by:

.....
Chairman

Corporate governance statement on the system of internal financial control

As accounting officer, I acknowledge my responsibility for ensuring that an effective system of internal financial control is maintained and operated by Southgate College.

The system can provide only reasonable and not absolute assurance that assets are safeguarded, transactions authorised and properly recorded, and that material errors or irregularities are either prevented or would be detected within a timely period.

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

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

Southgate College has an internal audit service, which operates in accordance with the requirements of the Council'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 College's governing body on the recommendation of the Audit Committee. At least annually, the Head of Internal Audit (HIA) provides the governing body with a report on internal audit activity in the College. The report includes the HIA's independent opinion on the adequacy and effectiveness of the College's system of internal control, including internal financial control.

My review of the effectiveness of the system of internal financial control is informed by the work of the internal auditors, the audit committee which oversees the work of the internal auditor, the executive managers within the College who have responsibility for the development and maintenance of the financial control framework, and comments made by the external auditors in their management letter and other reports.

[Signature]

[Date]

.....
Principal

Independent Auditors' report to the Members of the Governing Body of Southgate College

We have audited the financial statements of Southgate College for the year ended 31 July 2001 which comprise the income and expenditure account, balance sheet, the cashflow statement, the statement of total recognised gains and losses and the related notes.

Respective responsibilities of the members of the Governing Body and auditors

As described in the statement of Members' responsibilities, the Members of the Governing Body are responsible for the preparation of the financial statements in accordance with applicable law and United Kingdom Accounting Standards.

Our responsibility is to audit the financial statements in accordance with relevant legal and regulatory requirements and United Kingdom Auditing Standards.

We report to you our opinion as to whether the financial statements give a true and fair view. We also report to you whether, in our opinion monies expended out of funds from whatever source administered by the College for specific purposes were properly applied for those purposes and where relevant managed in accordance with appropriate legislation and whether monies expended out of funds provided by the Learning and Skills Council/ Further Education Funding Council were applied in accordance with the financial memorandum and any other terms and conditions attached to them.

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 misstatements within it.

Basis of our opinion

We conducted our audit in accordance with United Kingdom Auditing Standards issued by the Auditing Practices Board. 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 members of the 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 reasonable assurance that the financial statements are free from material misstatements, 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.

Consolidated income and expenditure account
for the year ended 31 July 2001

	<i>Note</i>	2001 £'000	2000 £'000
Income			
Funding Council Grants	2	10,074	8,985
Tuition fees and education contracts	3	1,065	792
Research grants and contracts	4	19	299
Other income	5	646	588
Investment income	6	106	125
		<hr/>	<hr/>
Total income		11,910	10,789
		<hr/> <hr/>	<hr/> <hr/>
Expenditure			
Staff costs	7	7,700	7,198
Other operating expenses	9	3,490	3,088
Depreciation	13	693	652
Interest payable	10	96	116
		<hr/>	<hr/>
Total expenditure		11,979	11,054
		<hr/> <hr/>	<hr/> <hr/>
Deficit on continuing operations after depreciation of assets at valuation and disposal of assets but before tax	12	(69)	(265)
Taxation	11		
Deficit on continuing operations after depreciation of assets at valuation, disposals of assets and tax		(69)	(265)
		<hr/> <hr/>	<hr/> <hr/>

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

The deficit relating to the activities of the College was £69K (2000: deficit £265K).

Consolidated statement of total recognised gains and losses
for the year ended 31 July 2001

	<i>Note</i>	2001 £'000	2000 £'000
Deficit on continuing operations after depreciation of assets at valuation and tax	12	(69)	(265)
Total recognised losses relating to the year		<u>(69)</u>	<u>(265)</u>

Reconciliation

Opening reserves			16,169
Total recognised losses for the year			<u>(69)</u>
Closing reserves			<u>16,100</u>

Consolidated statement of historical cost surpluses and deficits
for the year ended 31 July 2001

	<i>Note</i>	2001 £'000	2000 £'000
Deficit on continuing operations after depreciation of assets at valuation and tax	12	(69)	(265)
Difference between historical cost depreciation and the actual charge for the year calculated on the revalued amount	20	364	371
Historical cost surplus for the year		<u>295</u>	<u>106</u>

Consolidated balance sheet
at 31 July 2001

		2001		2000	
	<i>Note</i>	Group £'000	College £'000	Group £'000	College £'000
Fixed assets					
Tangible assets	13	17,394	17,394	17,744	17,744
Investments	14	-	-	-	-
		<hr/>	<hr/>	<hr/>	<hr/>
		17,394	17,394	17,744	17,744
Current assets					
Debtors	15	372	359	733	796
Investments		-	-	-	-
Cash at bank and in hand		1,797	1,772	2,071	2,005
		<hr/>	<hr/>	<hr/>	<hr/>
		2,169	2,131	2,804	2,801
Creditors: Amounts falling due within one year	16	(1,352)	(1,350)	(2,248)	(2,245)
		<hr/>	<hr/>	<hr/>	<hr/>
Net current assets		817	781	556	556
		<hr/>	<hr/>	<hr/>	<hr/>
Total assets less current liabilities		18,211	18,175	18,300	18,300
Creditors: Amounts falling due after more than one year	17	(1,032)	(1,032)	(1,086)	(1,086)
		<hr/>	<hr/>	<hr/>	<hr/>
Net assets		17,179	17,143	17,214	17,214
		<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>
Deferred capital grants	19	1,079	1,079	1,045	1,045
Reserves					
Revaluation reserve	20	14,457	14,457	14,821	14,821
Income and expenditure account	21	1,643	1,607	1,348	1,348
		<hr/>	<hr/>	<hr/>	<hr/>
		17,179	17,143	17,214	17,214
		<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>

The financial statements on pages 23 to 46 were approved by the Corporation on 12th December 2001 and were signed on its behalf by:

.....
Chairman

.....
Principal

Consolidated cash flow statement
for the year ended 31 July 2001

	<i>Note</i>	2001 £'000	2000 £'000
Cash flow from operating activities	23	(140)	162
Returns on investments and servicing of finance	25	10	9
Capital expenditure and financial investment	25	(94)	(118)
Cash (outflow)/inflow before use of liquid resources and financing		(224)	53
Financing	25	(50)	(46)
(Decrease)/ Increase in cash		(274)	7

Reconciliation of net cash flow to movement in net funds

	£'000	£'000
(Decrease)/increase in cash in the year	(274)	7
Change in net debt resulting from cash flows	50	46
	(224)	53
Movement in net funds in year	(224)	53
Net funds at 1 August	935	882
Net funds at 31 July 2001	711	935

Notes

(forming part of the financial statements)

1. Statement of accounting policies

Basis of preparation

These financial statements have been prepared in accordance with the Statement of Recommended Practice (SORP): Accounting in Further and Higher Education Institutions and in accordance with applicable Accounting Standards.

Basis of accounting

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

Basis of consolidation

The consolidated financial statements of the group include the financial statements of the College and its subsidiary undertakings, together with the group's share of the profit less losses and reserves of associated undertakings.

Under the acquisition method of accounting, the results of subsidiary and associated undertakings acquired or disposed of during the year are included in the consolidated income and expenditure account from or up to the date on which control of the undertaking passes. Intra-group sales and profits are eliminated fully on consolidation. The activities of the Student Union have not been consolidated.

Recognition of income

Income from research grants, contracts and other services rendered is included to the extent of the completion of the contract or service concerned. All income from short-term deposits is credited to the income and expenditure account in the period in which it is earned.

Income receivable from the Learning and Skills Council is recognised in line with the latest estimates of grant receivable for an academic year. The final grant allocation is determined in the subsequent February, following an audit of the College's units of activity.

Pension schemes

Retirement benefits to employees of the College are provided by the Teachers' Pension Fund (TPF) and the Local Government Pension Fund (LGPF). 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.

The contributions are determined by qualified actuaries on the basis of triennial valuations using the projected unit method for the LGPF and quinquennial valuations using a prospective benefit method for TPF.

Notes *(continued)*

1. Statement of accounting policies (continued)

Tangible fixed assets

Land and buildings

Land and buildings inherited from the Local Education Authority are stated in the balance sheet at valuation on the basis of depreciated replacement cost as the open market value for existing use is not readily obtainable. Land and buildings acquired since incorporation are included in the balance sheet at cost. Freehold land is not depreciated. Freehold buildings are depreciated over their expected useful economic life to the College of between 30 and 39 years. Leasehold land and buildings are amortised over the period of the lease. The College has adopted the transitional provisions of FRS 15 and has determined not to subsequently revalue its fixed assets from the amounts currently included within the financial statements.

Where land and buildings are acquired with the aid of specific grants, they are capitalised and depreciated as above. The related grants are credited to a deferred capital grant account and are released to the income and expenditure account over the expected useful economic life of the related asset on a basis consistent with the depreciation policy.

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

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

Equipment

Equipment costing less than £2,000 per individual item is written off to the income and expenditure account in the period of acquisition. All other equipment is capitalised at cost. Equipment inherited from the Local Education Authority is included in the balance sheet at valuation.

Inherited equipment is depreciated on a reducing balance basis at rates varying between 10%-25% per annum. All other equipment is depreciated on a straight line basis over its useful economic life as follows:

Motor vehicles and general equipment	-	Five years
Computer equipment	-	Four years

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

Leased assets

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

Notes *(continued)*

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

Investments

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

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

Stocks

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

Maintenance of premises

The cost of routine corrective maintenance is charged to the income and expenditure account in the period it is incurred. The College has a ten year planned maintenance programme which is reviewed on an annual basis. The expected costs of carrying out planned maintenance are budgeted on a systematic and rational basis over this period with a view to spreading the cost of maintenance over the life of the maintenance plan. Actual expenditure on planned maintenance is charged to the income and expenditure accounts.

Foreign currency translation

Assets and liabilities denominated in foreign currencies are translated at the rates of exchange ruling at the end of the financial year with all resulting exchange differences being taken to the income and expenditure account in the period in which they arise.

Taxation

The College is an exempt charity within the meaning of schedule 2 of the Charities Act 1993 and as such is a charity within the meaning of section 506(1) of the Income and Corporation Taxes Act (ICTA) 1988. Accordingly, the College is potentially exempt from taxation in respect of income or capital gains received within categories covered by section 505 of the ICTA 1988 or section 256 of the Taxation of Chargeable Gains Act 1992, to the extent that such income or gains are applied to exclusively charitable purposes.

The College receives no similar exemption in respect of Value Added Tax.

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

Deferred taxation

Deferred taxation in respect of The College's subsidiary is provided on timing differences, arising from the different treatment of items for accounting and taxation purposes, which are expected to reverse in the future calculated at the rates at which it is expected that tax will arise.

Notes (continued)

1. Statement of accounting policies (continued)

Liquid resources

Liquid resources include sums on short-term deposits with recognised banks.

Provisions

Provisions are recognised when the College has a present legal or constructive obligation as a result of a past event, it is probable that a transfer of economic benefit will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation.

2 Further Education Funding Council grants

LSC	2001		TEC	TOTAL	2000
	FEFC	HEFCE			TOTAL
£'000	£'000	£'000	£'000	£'000	£'000
Recurrent grant	9,068	178		9,246	8,652
Adjustment to recurrent funding relating to previous year	273			273	-
FE Standards fund		91		91	12
Former Section 11 grant	53			53	57
Training and Enterprise Council			139	139	32
Basic skills schools	10			10	12
Non-schedule 2 funds	55			55	47
Releases of deferred capital grants					
Buildings (note 19)	12			12	12
Equipment (note 19)	195			195	161
	9,666	91	178	139	10,074
	9,666	91	178	139	10,074
				10,074	8,985

Notes *(continued)*

3	Tuition fees and education contracts	2001	2000
		£'000	£'000
	UK Higher Education students	17	14
	European Union (EU) (excluding UK) students	6	4
	Non-EU students	301	108
	UK Further Education Students	660	560
		<hr/>	<hr/>
	Total fees paid by or on behalf of individual students	984	686
	Education contracts		
	Local Education Authority (LEA)	6	30
	Higher Education (HE) income	75	76
		<hr/>	<hr/>
	Total	1065	792
		<hr/> <hr/>	<hr/> <hr/>
 4	 Research grants and contracts	 2001	 2000
		£'000	£'000
	European Commission	7	283
	Other grants and contracts	-	-
	Releases from deferred capital grants (non-FEFC)	12	16
		<hr/>	<hr/>
		19	299
		<hr/> <hr/>	<hr/> <hr/>
 5	 Other income	 2001	 2000
		£'000	£'000
	Residences, catering and conferences	246	216
	Other income generating activities	127	120
	Other income	273	252
		<hr/>	<hr/>
		646	588
		<hr/> <hr/>	<hr/> <hr/>

Notes *(continued)*

6 Investment income

	2001	2000
	£'000	£'000
Other interest receivable	106	125
	106	125
	106	125

7 Staff numbers and costs

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

	2001	2000
	Number	Number
Teaching departments	243	238
Teaching support services	15	13
Other support services	21	19
Administration and central services	51	42
Premises	18	16
Other	25	25
	373	353
	373	353

Notes (continued)

7. Staff numbers and costs (continued)

Staff costs for the above persons were as follows:

	2001	2000
	£'000	£'000
Teaching departments	5,547	5,273
Teaching support services	148	153
Other support services	373	316
Administration and central services	1,155	1,016
Premises	214	186
Other income generating activities	103	98
Catering and residences	143	139
Staff restructuring	17	17
	7,700	7,198
	7,700	7,198
Wages and salaries	6,752	6,319
Social security costs	499	467
Other pension costs	449	412
	7,700	7,198
	7,700	7,198
Employment costs for staff on permanent contracts	7,284	6,932
Employment costs for staff on short-term and temporary contracts	399	249
Restructuring costs	17	17
	7,700	7,198
	7,700	7,198

The restructuring costs were approved by the College's Finance and Staffing Committee.

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

	2001	2001	2000	2000
	Number of	Number of	Number of	Number of
	senior post-	other staff	senior post-	other staff
	holders		holders	
£50,001 to £60,000	-	-	2	-
£60,001 to £70,000	2	-	-	-
£90,001 to £100,000	-	-	1	-
£100,001 to £110,000	1	-	-	-

Notes (continued)

A general pay award of 3.7% was made with effect from 1st August 2001 for other staff and an award of 3.3% with effect from 1 January 2001 for senior staff.

8 Emoluments of senior post holders and members

Senior postholders are defined as members of the Principalship.

	2001	2000
	Number	Number
The number of senior post-holders including the Principal was:	3	3

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

	2001	2000
	£	£
Salaries	192,923	184,644
Benefits in kind	17,472	16,404
Pension contributions	15,116	13,713
	225,511	214,761
	225,511	214,761

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

	2001	2000
	£	£
Salaries	85,531	82,894
Benefits in kind	9,109	7,195
Pension contributions	6,329	6,024
	100,969	96,113
	100,969	96,113

The pension contributions in respect of the Principal and two senior post-holders are in respect of employer's contributions to the Teachers' Pension Fund, and Local Government Superannuation Scheme. The contributions are paid at the same rate as for other employees.

No compensation for loss of office has been paid to any former senior post-holder

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

8. Emoluments of senior post holders and number (continued)

Senior post-holders including the principal and other higher paid staff received a pay increase of 3.3% 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

	Total cost	Contributions received	Net costs to College
	£	£	£
Members	-	-	-
Senior post-holders	291	-	291
Other staff	2,158	1,220	938
	2,449	1,220	1,229
	2,449	1,220	1,229

9 Other operating expenses

	2001	2000
	£'000	£'000
Teaching departments	388	445
Contracted-out lecturing services	642	427
Teaching support services	69	67
Other support services	218	180
Administration and central services	392	340
General education	237	210
Premises costs	754	712
Planned maintenance	146	48
Other income generating activities	40	50
Catering and residence operations	113	96
Franchised provision	491	513
	3,490	3,088
	3,490	3,088
Other operating expenses include:		
Auditors remuneration:		
External audit	16	14
Internal audit	15	13
	16	14
	15	13

Notes (continued)

10 Interest payable

	2001	2000
	£'000	£'000
On bank loans, overdrafts and other loans:		
Repayable wholly or partly in more than five years, not by instalments	96	116
	96	116
	96	116

11 Taxation

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

12 Deficit on continuing operations for the year

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

	2001	2000
	£'000	£'000
College's deficit for the year	(105)	(314)
Retained by subsidiary undertaking	-	38
Transferred to college under the Gift Aid Scheme	36	11
	(69)	(265)
	(69)	(265)

Notes (continued)

13 Tangible fixed assets

Group and College

	Freehold	Equipment	Total
	£'000	£'000	£'000
<i>Cost or valuation</i>			
At 1 August 2000	19,481	2,456	21,937
Additions	22	332	354
Disposals	-	(26)	(26)
	<hr/>	<hr/>	<hr/>
At 31 July 2001	19,503	2,762	22,265
	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>
<i>Depreciation</i>			
At 1 August 2000	2,583	1,610	4,193
Charge for year	409	284	693
Eliminated in respect of disposals	-	(15)	(15)
	<hr/>	<hr/>	<hr/>
At 31 July 2001	2,992	1,879	4,871
	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>
<i>Net book value</i>			
At 31 July 2001	16,511	883	17,394
	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>
At 31 July 2000	16,898	846	17,744
	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>
Inherited	14,364	92	14,456
Financed by capital grant	424	629	1,053
Other	1,723	162	1,885
	<hr/>	<hr/>	<hr/>
	16,511	883	17,394
	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>

Notes *(continued)*

13 Tangible fixed assets (continued)

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

Land and buildings with a net book value of £14,364K (2000: £14,702K) have been financed from exchequer funds. Should these assets be sold, the College may be liable, under the terms of the financial memorandum with the LSC, to surrender the proceeds.

Land and buildings include properties with a net book value of £92K (2000: £118K) for which title deeds and leasehold agreements have been transferred to the College.

Fixed assets include land and buildings with a net book value of £424K (2000: £449K) which have been funded by a grant from the LSC.

The net book value of tangible fixed assets includes an amount of £nil (2000: £nil) in respect of assets held under finance leases.

If inherited land and buildings had not been valued they would have been included at the following amounts:

	£'000
Cost	2,332,985
Aggregate depreciation based on cost	186,318
	<hr/>
Net book value based on cost	2,146,667
	<hr/> <hr/>

Notes (continued)

14 Investments

	2001 £	2000 £
Investment in subsidiary company at cost	3	3
	3	3
	3	3

The College owns 100% of the issued ordinary shares of Minchenden Business Centre Ltd (MBC Limited), a company incorporated in Great Britain and registered in England and Wales. The principal business activity of MBC Limited is the provision of short courses on a range of subjects such as computing skills, management skills and accountancy to commercial organisations and individuals. The interest in MBC Limited was acquired in April 1993, on incorporation.

15 Debtors

	2001		2000	
	Group £'000	College £'000	Group £'000	College £'000
Amounts falling due within one year:				
Trade debtors	338	325	708	702
Amounts owed by subsidiary undertakings	-	-	-	69
Prepayments and accrued income	34	34	25	25
	372	359	733	796
	372	359	733	796

Notes (continued)

16 Creditors: Amounts falling due within one year

	2001		2000	
	Group £'000	College £'000	Group £'000	College £'000
Bank loans and overdrafts	54	54	50	50
Obligations under finance leases				
Payments received on account **	96	95	77	77
Trade creditors	829	830	556	553
Other taxation and social security	247	247	146	146
Accruals	126	124	176	176
Provision for claw back of recurrent funding	-	-	1,243	1,243
	1,352	1,350	2,248	2,245
	1,352	1,350	2,248	2,245

** Includes £5k capital grant received in a previous year from the Further Education Funding Council (LSC) in respect of a disability improvement project.

17 Creditors: Amounts falling due after more than one year

	2001		2000	
	Group £'000	College £'000	Group £'000	College £'000
Bank loans	1,032	1,032	1,086	1,086
	1,032	1,032	1,086	1,086
	1,032	1,032	1,086	1,086

Notes *(continued)*

18 Analysis of borrowings of the College

Bank loans and overdrafts

	2001		2000	
	Group £'000	College £'000	Group £'000	College £'000
Bank loans and overdrafts are repayable as follows:				
Within one year	54	54	50	50
Between one and two years	59	59	54	54
Between two and five years	307	307	366	366
In five years or more	666	666	666	666
	1,086	1,086	1,136	1,136

The above bank loan and overdraft carry interest at 8.06%, are repayable by instalments falling due between September 1998 and May 2013 and are unsecured.

19 Deferred capital grants

Group and College

	LSC £'000	Other grants £'000	Total £'000
At 1 August 2000			
Land and buildings	449	-	449
Equipment	551	45	596
Cash received:			
Land and buildings	(14)	-	(14)
Equipment	267	-	267
Released to income and expenditure account:			
Land and buildings	(12)	-	(12)
Equipment	(196)	(11)	(207)
At 31 July 2001			
Land and buildings	423	-	423
Equipment	622	34	656
	1,045	34	1,079

Notes (continued)

19 Deferred capital grants (continued)

An analysis of capital grants received from the Learning and Skills Council during 2000-01 is set out below:

	£'000
IT infrastructure	26
Rationalisation	-
Support for major works	(14)
Hunter funds	-
	12
	12

20 Revaluation reserve

	Group £'000	College £'000
At 1 August 2000	14,821	14,821
Transfer from revaluation reserve to income and expenditure account in respect of:		
Depreciation on revalued assets	(364)	(364)
	14,457	14,457
At 31 July 2001	14,457	14,457

Notes (continued)

21 Income and expenditure account

	Group £'000	College £'000
At 1 August 2000	1,348	1,348
Transfer from revaluation reserve to income and expenditure account	364	364
Deficit on continuing operations after depreciation of assets at valuation and tax	(69)	(105)
	1,643	1,607
At 31 July 2001	1,643	1,607

22 Pensions and similar obligations

The two principal pension schemes for the College's staff are Teachers' Pension Fund (TPF) and the Local Government Pension Fund (LGPF). TPF provides benefits based on final pensionable salary for academic and related employees of some UK institutions and some other employers. LGPF provides similar benefits for other staff of the College. The assumptions and other data that have the most significant effect on the determination of the contribution levels are as follows:

	LGPF	TPF
Latest actuarial valuations	31 March 1998	31 March 1996
Actuarial method	Projected Unit	Prospective Benefit
Investment returns per annum	7.1%	8.5%
Salary scale increases per annum	5.4%	6.5%
Pension increases per annum	3.4%	5.0%
Market value of assets at date of last valuation	£3,756m	£61,710m
Proportion of members' accrued benefits covered by the actuarial value of the assets	105%	94%

The total pension cost for the College and its subsidiaries was:

	Year Ended 31 July 2001 £'000	Year Ended 31 July 2000 £'000
Contributions to TPF	296	281
Contributions to LGPF	153	131
	449	412
Total pension cost (note 7)	449	412

The contribution for TPF payable by the College was 7.4% of pensionable salaries and the contribution rate for LGPF was 9% to March, 2001 and 10% thereafter of pensionable salaries. The actuaries to TPF and LGPF have confirmed that it is appropriate to take the pensions

Notes (continued)

22 Pensions and similar obligations (continued)

costs in the College's financial statements to be equal to the actual contributions paid during the year. In particular, the LGPF contribution rate recommended following the 1996 valuation

has regard to the surplus disclosed, the benefit improvements introduced subsequent to the valuation and the need to spread the surplus in a prudent manner over the future working lifetime of current scheme members.

Employer's contributions will not be amended to reflect the effect of charging the cost of pensions increases to the fund until the results of the valuation for the period to 31 March 2001 are implemented (unlikely to be until 2003), when it is expected that the combination of credits to the fund and improved investment returns will make significant increases in the employer's contribution rate unlikely.

Elimination of recoverability of Advance Corporation Tax

The abolition of tax credits on UK dividends from 2 July 1997 will tend to reduce the future investment return for approved pension funds. This is likely to increase to some degree the future cost of providing benefits, and to reduce to some degree the funding level for which benefits accrued are covered by the scheme's assets. The requirement for any additional contributions should be assessed at the next formal valuation. No additional contributions are being paid as a consequence of the change in the treatment of tax credits pending further formal actuarial advice.

23 Reconciliation of operating deficit to net cash flow from operating activities

	2001	2000
	£'000	£'000
Deficit on continuing operations after depreciation of assets at valuation and tax	(69)	(265)
Depreciation (note 13)	693	652
Deferred capital grants released to income	(219)	(193)
Interest payable	96	116
Decrease/ (Increase) in debtors	361	(665)
(Decrease)/ Increase in creditors	(896)	642
Interest receivable	(106)	(125)
Net cash (outflow)/ inflow from operating activities	(140)	162

Notes (continued)

24 Analysis of changes in net funds

	At 1 August 2000 £'000	Cash flows £'000	Other Changes £'000	At 31 July 2001 £'000
Cash at bank and in hand	2,071	(274)	-	1,797
Debts due after 1 year	(1,086)	-	54	(1,032)
Debts due within 1 year	(50)	50	(54)	(54)
Total	<u>935</u>	<u>(224)</u>	<u>-</u>	<u>711</u>

25 Analysis of cash flows for headings netted in the cash flow statement

	2001 £'000	2000 £'000
Returns on investments and servicing of finance		
Interest received	106	125
Interest paid	(96)	(116)
Net cash inflow from returns on investments and servicing of finance	<u>10</u>	<u>9</u>
Capital expenditure and financial investment		
Purchase of tangible fixed assets	(346)	(805)
Deferred capital grants received	252	687
Net cash outflow for capital expenditure and financial investment	<u>(94)</u>	<u>(118)</u>
Financing		
Debt due beyond a year:		
Repayment of amounts borrowed	(50)	(46)
Capital element of finance lease rental payments		
Net cash outflow from financing	<u>(50)</u>	<u>(46)</u>

Notes (continued)

26 Post balance sheet events

Details of post balance sheet events are given in the report of the members of the Corporation.

27 Financial commitments

At 31 July 2001, the College had annual commitments under non-cancellable operating leases as follows:

	2001		2000	
	Land and buildings £'000	Other £'000	Land and buildings £'000	Other £'000
Expiring in over five years	55	-	-	-
	<hr/>	<hr/>	<hr/>	<hr/>
	55	-	-	-
	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>

28 Contingent Liability

Recent decisions handed down by the European Court of Justice (ECJ) may increase the liability for pension provision of UK employers, including institutions such as Southgate College. The implications of the ECJ decisions are, however, unclear and clarification is now awaited from the UK courts. In view of this uncertainty, no financial provision has been made in these accounts in relation to this matter.

29 Related Party Transactions

Due to the nature of the College's operations and the composition of the Governing Body (being drawn from local public and private sector organisations) it is inevitable that transactions will take place with organisations in which a member of Governing Body may have an interest. All transactions involving organisations in which a member of Governing Body 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 Disclosures'.

30 Access funds

	2001 £'000	2000 £'000
Funding Council grants	288	175
Interest earned	4	2
Disbursed to students	(191)	(156)
Audit fees	-	(1)
	<hr/>	<hr/>
Balance unspent at 31 July	101	20
	<hr/> <hr/>	<hr/> <hr/>

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