



**F i n a n c i a l  
S t a t e m e n t s**

**for the Year Ended  
31 July 1995**

**NENE ♦ NORTHAMPTON  
*College of Higher Education***

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#### Format of the financial statements

The financial statements presented within this report are structured in accordance with the Statement of Recommended Practice on Accounting in Higher Education Institutions.

The intention of the SORP is that the accounts of Higher Education Institutions should, as far as possible, be prepared on a comparable and consistent basis. They should also, where possible, be prepared on a similar basis to the accounts of other corporate organisations. As such, the SORP takes account of what is currently thought of as best accounting practice, the accounting provisions of the Companies Acts, Statements of Standard Accounting Practice, Financial Reporting Standards, as applicable to Higher Education Institutions, and the concept of the "true and fair view", which is regarded as of paramount importance.

The financial year 1994/95 is the first year in which the College has been required to adopt this format. However, to facilitate interpretation, the comparative results for 1993/94 have also been presented in the new format. The principal changes to the comparative results are shown in note 28.

#### Results for the year

It is pleasing to be able to report another successful financial year for the College, with the surplus exceeding budgeted expectations. The institution also has a healthy balance sheet, which enables the College to look forward to the future from a relatively secure financial base, although cash backed reserves available to the College centrally remain limited. In summary, the College's financial results were:

	1994/95 £000	1993/94 £000
Income	34,940	30,249
Expenditure	33,796	30,905
Historical cost surplus	<u>1,821</u>	<u>24</u>
Total reserves	<u>37,934</u>	<u>36,538</u>

The retained historical cost surplus for the year exceeded £1.8 million (93/94 £24,000). Although on paper this is a significant improvement, the 1993/94 figure reflected expenditure of £909,000 from accumulated cost centre reserves, the majority of which formed part of the declared surplus for 1992/93.

The College's total income increased by 15.5% compared with the previous period. Within this total, in accordance with the Government's consolidation policy, revenue from the recurrent grant received from the HEFCE increased by over £6 million, offset partly by a reduction of £3.7 million in full-time UK and EC student fee income.

Following the merger of the College with the Sir Gordon Roberts College of Nursing and Midwifery, the College's income increased by £2.6 million.

Revenue from the recurrent grant received from the FEFC decreased to less than £1.2 million (93/94 £3.4 million), reflecting the final stage of the transfer of Further Education activity to Moulton and Northampton Colleges.

Revenue from residences, catering and conferences increased by 112% to £1.6 million (93/94 £759,000) largely due to the income from the 600 new on-site residences funded through two BES companies, which were opened at the start of the 1994/95 academic year.

The College continued to exercise careful control over expenditure. Total expenditure increased by 9.4% compared with the previous period, largely reflecting the higher volume operations arising from the Sir Gordon Roberts merger. Staff costs increased slightly to 61% of total expenditure (93/94 57%).

Within the figure for other operating expenses, £50,000 relates to an increase in the provision for long-term maintenance, demonstrating the Board's continued drive for a secure financial base. As indicated in last year's report, Further Education transfer costs fell to £0.7m (93/94 £1.8m) as the initiative was completed. Validation fees also fell to £0.1m (93/94 £0.5m) following the decision to utilise the College's degree awarding powers from September 1995 and subsequent negotiations with Leicester University. The increase in rents payable to £0.6m (93/94 £0.2m) largely relates to NHS accommodation for the Sir Gordon Roberts School of Nursing and Midwifery.

The majority of the increase in interest payable to £1.2m (93/94 £0.7m) is due to a provision to buy the BES properties or the BES Companies at the end of the BES scheme in September 1998. Further details regarding this item are given in notes 7 and 26. The College also funded the interest during construction of the new William Carey hall of residence.

The successful outturn has enabled £627,710 from the declared surplus to be added to the uncommitted reserve, which now stands at £827,710 and is cash backed. It is the intention that this reserve should reach £1 million as soon as possible but by the turn of the century at the latest.

### Capital projects

Major investment in the College's infrastructure continued, including the construction of 300 additional student residences at Park Campus. Work commenced on site towards the end of the year on a further extension to the library, shops and offices, and a community facility. The residences have been funded by the sale of two small houses previously used for student accommodation and a bank loan secured on the new halls.

The library extension at Park Campus is being partly funded by the HEFCE following a bid made in response to the report of the Joint Funding Councils' Libraries Review Group.

### Cash flow

The cash flow statement shows that there was a net outflow of £0.7 million, reflecting the high level of investment in projects and equipment capitalised within the accounts.

### Research

The College considers the development of an appropriate level of research as integral to its mission. In accordance with the College's strategic plan, additional resources, over and above the revenue received from external contracts and the HEFCE, were applied during the year to the area of research. The level of external funding of projects grew to £139,000 (93/94 £22,000), and the College invested £455,000 of its own resources.

The College intends to continue to invest between £500,000 and £800,000 annually in research development through to 1997/98.

In recognition of the importance the College attaches to the development of research within the institution, an experienced Research Director was appointed during the year, who took up his post in August 1995. The pump priming activities and the growing level of expertise within the Research Centre should encourage significant further growth of research within the College.

### Employee/student involvement

In reflection of the considerable value which the College places on the involvement of its employees and students, both groups are represented on the Board of Governors. In accordance with best practice within the sector, Nene operates a Joint Consultation and Negotiation Committee with recognised Trade Unions within the College. An equal opportunities policy is operated for both staff and students and an annual grant is made to the Students' Union within the constraints of current legislation.

### Employment of disabled people

Applications for employment by disabled persons are always given full and fair consideration, bearing in mind the individual's aptitudes and abilities. In the event of employees becoming disabled, every effort would be made to relocate, or retrain, them in order that their employment with the College may continue.

### Outlook for the future

Despite the pressures on Higher Education funding generally, it is the Governors' intention that the College should continue to ensure that, in each financial year, revenue cash income exceeds revenue cash expenditure save where expenditure from accumulated reserves is authorised for specific purposes. However, in an increasingly demanding external environment, this will become progressively more difficult to achieve.

### The Board of Governors

As at 31st July 1995 the Board of Governors consisted of:

Mr. J.K. Burrell (Chairman)	Mr. A.R. Heygate Jnr.
Mr. P.W. Bennett	Dr. J. Meera
Mr. R.J.W. Bulman	Mr. R.J.B. Morris
Mr. J. Cocking	Lady Robinson
Mr. M. Cuthbert	Rear Admiral P. Rowe
Mr. C. Davenport	Dr. N. Singer
Mr. M.L. Dove	Mr. A.G. Stoughton-Harris
Dr. S.M. Gaskell (Director)	Ms. J. Weetman
Mr. A.J. Greenwell	Mr. D. Woolcott
Mr.E. Harper	

**J. K. Burrell**  
Chairman

The following statement is given to assist readers of the financial statements to obtain an understanding of the Governance procedures applied by the Board of Governors.

The Board of Governors welcomes the report of the Committee on the Financial Aspects of Corporate Governance (the Cadbury Committee) and the Committee's Code of Best Practice. Whilst the College does not fall within the regulation of the London Stock Exchange, the Governors recognise that the Code is of great relevance to the College. The College is, therefore, currently performing an exercise to ensure that where relevant, the provisions of the Code are being satisfied.

### Summary of the College's structure of Corporate Governance

The College's Board of Governors is constituted in accordance with the requirements of current Parliamentary legislation. The Chief Executive of the College, the Director, is a member of the Board. The Board meets at least three times per year, once in each academic term, and under the Financial Memorandum with the Higher Education Funding Council for England is responsible for the College's ongoing strategic direction, financial health, and the approval of major developments.

The Board has three committees: Finance, Employment and Audit. These committees meet at least once per term and are formally constituted with agreed terms of reference. The Audit Committee, to reflect best practice, includes a member who is neither a Governor, nor an employee of the institution.

The Finance Committee carries out a detailed examination of the College's annual revenue and capital budgets, the final accounts, and recommends approval to the Board of Governors. It is also responsible for the ongoing monitoring of performance in relation to the approved budgets and to the cash flow position.

The Employment Committee undertakes detailed consideration of policy documents which relate to the pay and conditions of employees, and to personnel issues generally, and makes recommendations to the Board.

The Audit Committee meets with the External Auditors and Internal Auditors of the College and reviews their work. The Committee considers detailed reports together with recommendations for the improvement of the College's systems of internal control and management's response and implementation plans. They also receive and consider reports from the Higher Education Funding Council for England as they affect the College's business and monitor adherence with regulatory requirements. Whilst College managers attend meetings of the Audit Committee, they are not members of the Committee and the Committee is empowered to meet with the External Auditors on their own for independent discussions.

The Board has also constituted an Accommodation Working Party of Governors to advise it on the non-financial issues associated with building projects and site development.

In accordance with the Education Reform Act 1988, as updated by the 1992 Further and Higher Education Act, the Board of Governors of Nene College HEC is responsible for the administration and management of the affairs of the College and is required to present audited financial statements for each financial year.

The Board of Governors 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 Education Reform Act 1988, the 1992 Further and Higher Education Act, the Statement of Recommended Practice on Accounting in Higher Education and other relevant standards. In addition, within the terms and conditions of a Financial Memorandum agreed between the Higher Education Funding Council for England and the Board of Governors of Nene College, the Board, through its designated office holder, is required to prepare financial statements for each financial year, which give a true and fair view of the state of affairs of the College and of the surplus, or deficit, and cash flows for that year.

In causing the financial statements to be prepared, the Board has ensured that:

- Suitable accounting policies have been selected and applied consistently.
- Judgements and estimates have been made that are reasonable and prudent.
- Applicable accounting standards have been followed, subject to any material departures disclosed and explained in the financial statements.
- Financial statements have been prepared on the going concern basis, as it is appropriate to presume that the College will continue in operation.

The Board has taken reasonable steps to:

- Ensure that funds from the Higher Education Funding Council for England have been 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 funds from the Further Education Funding Council for England have been applied only for the purposes for which they have been given.
- Ensure that there are appropriate safeguards and management controls in place to safeguard public funds and funds from other sources.
- Safeguard the assets of the College and to prevent and detect fraud.
- Secure the economical, efficient and effective management of the College's resources and expenditure.

In fulfilling the above responsibilities, the Board has established a committee to determine and advise it on matters relating to finance. The membership of that committee is drawn from the Board and meets on a regular basis.

The key elements of the College's system of internal financial control, which is designed to discharge the responsibilities set out above, include the following:

- Clear delegation of authority and budgetary allocations to heads of academic and administrative departments, with a twice yearly review on a personal basis with the College Director and Financial Controller.
- An established strategic planning process, supplemented by detailed annual income, expenditure, capital and cash flow budgets.
- Monthly reviews of cost centre and corporate financial positions, involving variance reporting and updates of forecast outturns.
- Clearly defined and formalised requirements for the approval and control of expenditure.
- Comprehensive financial regulations approved by the Board, supplemented by a procedures manual for use in cost centres.
- An Internal Audit service whose annual programme is approved and monitored by the Audit Committee, that Committee also having sight of all audit reports produced.

Any system of internal financial control can, however, only provide reasonable, but not absolute, assurance against material misstatement or loss.

We have audited the financial statements on pages 6 to 19.

### Respective Responsibilities of the Governing Body and Auditors

As described on page 4, the Governing Body is responsible for the preparation of financial statements. It is our responsibility to form an independent opinion, based on our audit, on those financial statements and to report our opinion to you.

### Basis of Opinion

We conducted our audit in accordance with Auditing Standards issued by the Auditing Practice Board. An audit includes examination, on a test basis, of evidence relevant to the amounts and disclosures in the financial statements. It also includes an assessment of the significant estimates and judgements made by the Governing Body 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 misstatement, whether caused by fraud or other irregularity or error. In forming our opinion we also evaluated the overall adequacy of the presentation of information in the financial statements.

### Opinion

In our opinion:

1. The financial statements give a true and fair view of the state of the affairs of Nene College HEC at 31 July 1995 and of the surplus of income over expenditure and cash flows for the year then ended and have been properly prepared in accordance with the Education Reform Act and the Statement of Recommended Practice on Accounting in Higher Education Institutions.
2. Funds from the Higher Education Funding Council for England, the Further Education Funding Council, grants and income for specific purposes and from other restricted funds administered by the College during the year ended 31 July 1995 have been applied only for the purposes for which they were received.
3. Income during the year ended 31 July 1995 has been applied in accordance with the Education Reform Act governing the College and, where appropriate, with the Financial Memorandum effective from 1 August 1993 with the Higher Education Funding Council for England.

KPMG  
Chartered Accountants  
Registered Auditors

Spencer House  
Cliftonville Road  
Northampton NN1 5BU

Date: 22 November 1995

**1. Accounting convention**

The financial statements have been prepared under the historical cost convention as modified by the revaluation of certain fixed assets, and in accordance with both the Statement of Recommended Practice (SORP): Accounting in Higher Education Institutions and applicable accounting standards.

**2. Recognition of income**

Income from short term investments is credited to the income and expenditure account on a receivable basis.

Income from donations, research grants, contracts and other services rendered is included to the extent of the expenditure incurred during the year, together with any related contribution towards overhead costs.

Capital allocations made by the HEFCE to acquire and restore tangible fixed assets are credited to the income and expenditure account over the estimated useful lives of the related assets.

Deferred credits in respect of expended allocations received from the HEFCE which are attributable to subsequent financial years are included in deferred capital grants on the face of the balance sheet.

**3. Pension schemes**

Pension costs are assessed on the latest actuarial valuations of the principal schemes and are accounted for on the basis of spreading the total cost over the employees' working lives with the College. Variations from regular cost are spread over the expected average working lifetime of members of the schemes, after making allowance for future withdrawals.

**4. Foreign currencies**

Transactions denominated in foreign currencies are recorded at the rate of exchange ruling at the dates of the transactions. Monetary assets and liabilities denominated in foreign currencies are translated into sterling either at year end rates or, where there are related forward foreign exchange contracts, at contract rates. The resulting exchange differences are dealt with in the determination of income and expenditure for the financial year.

**5. Land and buildings**

Land and buildings are stated at cost, other than the properties transferred from Northamptonshire County Council on 1 April 1989, which are shown at their valuation at that date less depreciation plus the cost of improvements and additions since that date. The basis of valuation is depreciated replacement cost and an assumption has been made that no land is held specifically for sale or development. The valuation was performed at 31 March 1990 by Messrs. Gotch, Saunders & Surridge, Chartered Architects and Quantity Surveyors, in order to calculate their value as at 1 April 1989. Freehold buildings are depreciated over their useful economic lives of 50 years, commencing in the financial year after completion. Leasehold land and buildings are depreciated over the life of the lease. Freehold land, other than that transferred from Northamptonshire County Council, is not depreciated as it is considered to have an indefinite useful life.

Where buildings are acquired with the aid of specific grants they are capitalised and depreciated as above. The related grants are treated as deferred capital grants and released to income over the expected useful life of the buildings.

**6. Maintenance of premises**

The cost of routine corrective maintenance is charged to the income and expenditure account as incurred. The College also sets aside sums on a regular basis to meet the cost of major maintenance costs which occur on an irregular basis: these are disclosed as provisions.

**7. Equipment**

Equipment purchased from revenue monies, including computer hardware and software, costing less than £1,000 is written off in the year of acquisition. All other equipment is capitalised at cost and depreciated over its expected useful life, as follows:

Plant & machinery	5-10 years
Furniture fixtures and fittings	8 years
Computer equipment	3 years
Motor vehicles	4 years
Other equipment	4 years

Where equipment is acquired with the aid of specific capital grants, it is capitalised and depreciated as above regardless of value. The related grant is treated as a grant received in advance and released to income over the expected useful life of the equipment, or the period of the grant in respect of research projects.

**8. Leases**

Rental costs under operating leases are charged to expenditure in equal amounts over the period of the leases.

**9. Investments**

Current Asset Investments are included at the lower of cost and net realisable value.

**10. Stocks**

The stocks relate to the bar and catering supplies of the Sunley Management Centre. They are valued at the lower of cost or net realisable value.

**11. Taxation status**

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 Taxes Act 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 Taxes Act 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 is similarly exempt in respect of Value Added Tax. All non-recoverable Value Added Tax on purchases is included within the appropriate expenditure headings. The College has an agreement with the local Customs & Excise office which allows tunnelling of certain business activities for VAT purposes.

# Nene College Higher Education Corporation

## Income and Expenditure Account For the Year Ended 31 July 1995

	Note	1994/95 £000	1993/94 £000
<b>Income</b>			
Funding council grants	1	18,118	13,913
Academic fees and support grants	2	9,923	13,653
Acquisition – Sir Gordon Roberts College	3	2,644	0
Research grants and contracts		139	22
Other operating income	4	3,820	2,289
Interest receivable		296	372
<b>Total income</b>		<b>34,940</b>	<b>30,249</b>
<b>Expenditure</b>			
Staff costs	5	20,677	17,567
Depreciation	9	2,226	2,027
Other operating expenses	6	9,715	10,583
Interest payable	7	1,178	728
<b>Total expenditure</b>		<b>33,796</b>	<b>30,905</b>
Surplus/(Deficit) after depreciation of assets at valuation and before tax		1,144	(656)
Taxation		0	0
Surplus/(Deficit) after depreciation of assets at valuation and tax		<b>1,144</b>	<b>(656)</b>

## Note of Historical Cost Surpluses and Deficits For the Year Ended 31 July 1995

	Note	1994/95 £000	1993/94 £000
Surplus/(Deficit) after depreciation of assets at valuation and tax		1,144	(656)
Difference between depreciation charge based on a historical cost and revalued basis (as included above)	17	677	680
<b>Historical cost surplus after tax</b>		<b>1,821</b>	<b>24</b>

The income and expenditure of the College relate wholly to continuing operations.  
There were no recognised gains or losses in either year other than the surplus/(deficit) as shown above.

# Nene College Higher Education Corporation

## Balance Sheet as at 31 July 1995

	Note	1994/95 £000	1993/94 £000
<b>Fixed assets</b>			
Tangible assets	9	61,679	55,510
Investments	10	34	58
		<u>61,713</u>	<u>55,568</u>
<b>Current assets</b>			
Stocks and stores in hand		5	4
Debtors	11	1,740	878
Investments		6,239	7,008
Cash at bank and in hand		245	192
		<u>8,229</u>	<u>8,082</u>
Creditors: amounts falling due within one year	12	(4,216)	(3,712)
Net current assets		<u>4,013</u>	<u>4,370</u>
Total assets less current liabilities		65,726	59,938
Creditors: amounts falling due after more than one year	13	(16,589)	(12,838)
Provisions for liabilities and charges	14	(1,473)	(1,393)
Total assets less liabilities		<u>47,664</u>	<u>45,707</u>
Deferred capital grants	15	(9,730)	(9,169)
<b>TOTAL NET ASSETS</b>		<b>37,934</b>	<b>36,538</b>
Represented by:			
Reserves			
Revaluation reserve	17	27,312	27,737
Income and expenditure account	16	10,622	8,801
<b>TOTAL FUNDS</b>		<b>37,934</b>	<b>36,538</b>

The financial statements on pages 6 to 19 were approved by the Board of Governors on 22 November 1995, and signed on its behalf by:

Dr. S. M. Gaskell, College Director  
Lady Robinson, Vice Chairman of Board of Governors  
Mr. M. L. Dove, Chairman of Finance Committee

# Nene College Higher Education Corporation

## Cash Flow Statement For the Year Ended 31 July 1995

	Note	1994/95 £000	1993/94 £000
<b>NET CASH INFLOW/(OUTFLOW) FROM OPERATING ACTIVITIES</b>	22	<b>2,928</b>	<b>(92)</b>
RETURNS ON INVESTMENTS AND SERVICING OF FINANCE			
Income from short term investments		321	413
Other interest received – HEFCE		215	211
Interest paid		(706)	(594)
<b>Net cash (outflow)/inflow from returns on investments and servicing of finance</b>		<b>(170)</b>	<b>30</b>
<b>Tax paid</b>		<b>0</b>	<b>0</b>
INVESTING ACTIVITIES			
Payments from BESCO funds to acquire tangible assets		(1,538)	(4,502)
Payments to acquire tangible assets (other than leased equipment)		(6,901)	(4,652)
Total payments to acquire fixed asset investments		(8,439)	(9,154)
BESCO funds		0	7,866
Deferred capital grants received		1,707	3,357
Receipts from disposal of fixed assets		4	0
<b>Net cash (outflow)/inflow from investing activities</b>		<b>(6,728)</b>	<b>2,069</b>
<b>NET CASH (OUTFLOW)/INFLOW BEFORE FINANCING</b>		<b>(3,970)</b>	<b>2,007</b>
FINANCING			
Repayment of loan principal	23	(250)	(256)
HEFCE reimbursement of repayment of loan principal		252	256
Mortgages and loans acquired		3,257	0
Net cash inflow from financing		3,259	0
<b>(DECREASE)/INCREASE IN CASH AND CASH EQUIVALENT</b>	24	<b>(711)</b>	<b>2,007</b>

# Nene College Higher Education Corporation

## Notes to the Accounts For the Year Ended 31 July 1995

	1994/95 £000	1993/94 £000
<b>1. Funding Council grants</b>		
HEFCE :		
Recurrent grant for teaching and research	15,462	9,137
Specific grants and non-formula funding		
Reimbursement of interest on inherited liabilities	212	242
Non-consolidated additions to funds	0	92
Primary initial teacher training	128	0
PICKUP funding	52	51
Restructuring	0	53
Deferred capital grants released in year (note 15)		
Land and buildings	151	116
Equipment	953	842
	<b>16,958</b>	<b>10,533</b>
FEFC recurrent grant	1,160	3,380
	<b>18,118</b>	<b>13,913</b>
<b>2. Academic fees and support grants</b>		
	1994/95 £000	1993/94 £000
Full-time HE fees – UK & EU students	7,622	11,356
Full-time HE fees – overseas students	401	329
Part-time HE fees	1,013	910
FE fees	36	57
Short course fees	197	165
Contracts in lieu of academic fees	654	836
	<b>9,923</b>	<b>13,653</b>
<b>3. Acquisition – Sir Gordon Roberts College of Nursing and Midwifery</b>		
At the beginning of the year, Nene College merged with the Sir Gordon Roberts College of Nursing and Midwifery. The income attributable to the acquisition is disclosed on the face of the income and expenditure account. No further analysis of the contribution of the acquisition to the results of the period is given as the administrative expenses of the two operations are so merged as to make such analysis unfeasible. Any contribution by the Sir Gordon Roberts College to Nene College's surplus for the year is likely to be immaterial.		
<b>4. Other operating income</b>		
	1994/95 £000	1993/94 £000
Residences, catering and conferences	1,611	759
Sunley Management Centre	769	750
European Funding	614	366
Profit on disposal of property	96	0
Other income	730	414
	<b>3,820</b>	<b>2,289</b>

Notes to the Accounts – continued  
For the Year Ended 31 July 1995

5. Staff & Governors

	1994/95 £000	1993/94 £000
Staff costs		
Wages and salaries	18,033	15,110
Social security costs	1,384	1,194
Other pension costs (note 27)	1,260	1,263
	<u>20,677</u>	<u>17,567</u>

Other pension costs for 1993/94 includes an exceptional cost of £326,000 in respect of provisions for future enhanced pension costs in respect of members of the College staff who took early retirement during the period.

	1994/95 £000	1993/94 £000
Emoluments of the College Director	90	83

The emoluments of the Director are shown on the same basis as for higher paid staff. The College's pension contributions to the Teachers' Superannuation Scheme are paid at the same rates as for other academic staff and amounted to £6,630 (1993/94 – £5,310).

In addition to the College Director, a number of members of staff in post at 31 July had their salary determined on an individual basis by either the College's Governors or the College Director. The distribution of those salaries was:

	1995	1994
£20,000 – £24,999	0	1
£25,000 – £29,999	6	4
£30,000 – £34,999	13	17
£35,000 – £39,999	10	7
£40,000 – £44,999	4	2
£45,000 – £49,999	2	2
£50,000 – £54,999	1	1
	<u>36</u>	<u>34</u>

These members of staff are also eligible for performance related pay supplements to their basic salary, but no payments are currently being made.

No compensation for loss of office, above the statutory level, has been paid to employees during 1994/95 and 1993/94.

No member of the Board of Governors received an emolument during the year.

6. Other operating expenses

	1994/95 £000	1993/94 £000
Residences, catering and conferences operating expenses	738	721
Consumable and laboratory expenditure	835	798
Books and periodicals	447	407
Heat, light, water and power	556	575
Repairs and general maintenance	661	957
Provision for long-term maintenance	50	0
Grants to Nene College Students' Union	227	187
Auditors' remuneration	16	14
Further Education transfer costs	662	1,820
Validation fees	142	526
Marketing and subscriptions	574	574
Staff development	318	291
Rents	584	172
Printing, postage and stationery	985	863
Other expenses	2,920	2,678
	<u>9,715</u>	<u>10,583</u>

Notes to the Accounts – continued  
For the Year Ended 31 July 1995

7. Interest payable

	1994/95 £000	1993/94 £000
Bank and other loans repayable within five years	0	0
Loans not wholly repayable within five years	680	621
Finance cost relating to BES	498	107
	<u>1,178</u>	<u>728</u>

8. Analysis of 1994/95 expenditure by activity

	Staff costs £000	Other operating expenses £000
Academic departments	14,990	2,925
Academic services	1,249	878
Administration & central services	2,441	2,633
Premises	1,121	1,338
Residences & catering	154	547
Research – externally funded	68	71
Research – internally funded, including HEFCE funding	215	342
Other expenses	439	981
	<u>20,677</u>	<u>9,715</u>

9. Tangible assets

	Land and buildings			Equipment £000	Total £000
	Freehold £000	Short Leasehold £000	BES (note 26) £000		
Valuation/cost					
At 1 August 1994					
Valuation	32,740	653	0	639	34,032
Cost	17,874	0	6,161	5,874	29,909
Additions at cost	5,140	0	1,538	1,721	8,399
Disposals					
Valuation	0	0	0	0	0
Cost	0	0	0	(14)	(14)
<b>At 31 July 1995</b>					
Valuation	32,740	653	0	639	34,032
Cost	23,014	0	7,699	7,581	38,294
Depreciation					
At 1 August 1994	3,985	69	0	4,377	8,431
Charge for year	1,012	13	0	1,201	2,226
Eliminated on disposals	0	0	0	(10)	(10)
<b>At 31 July 1995</b>	4,997	82	0	5,568	10,647
Net book value					
At 31 July 1995	50,757	571	7,699	2,652	61,679
At 1 August 1994	46,629	584	6,161	2,136	55,510

Contributions, net of depreciation, of £7.67 million have been made by the HEFCE towards the construction of College buildings: should these buildings be sold, the College would have to use the proceeds in accordance with the Financial Memorandum with the Funding Council.

At 31 July 1995 freehold land and buildings at cost included £4,028,850 in respect of buildings under construction.

	£000
The depreciation charge for the year has been funded by	
Deferred capital grants released	1,104
Revaluation reserve released	677
General income	445
	<u>2,226</u>

# Nene College Higher Education Corporation

Notes to the Accounts – continued  
For the Year Ended 31 July 1995

## 18. Lease obligations

	1995 £000	1994 £000
Operating lease commitments in respect of equipment for the 1995/96 financial year, on leases expiring:		
Within one year	0	0
Between two and five years	131	16
Over five years	0	105
	<u>131</u>	<u>121</u>
Operating lease commitments in respect of land and buildings for the 1995/96 financial year, on leases expiring:		
Within one year	0	0
Between two and five years	38	38
Over five years	38	38
	<u>76</u>	<u>76</u>

## 19. Capital commitments

	1995 £000	1994 £000
Commitments contracted at 31 July	2,488	150
Authorised but not contracted at 31 July	250	4,350
	<u>2,738</u>	<u>4,500</u>

## 20. Post balance sheet events

The Board of Governors authorised the setting up of two wholly-owned subsidiary companies, to be known as:  
Nene College Library Company Limited  
Nene College Enterprises Limited

Both companies were incorporated, under the Companies Act 1985, on 17 August 1995. The Directors are: Mr. R.J. Aveling, Dr. S.M. Gaskell and Mr. A.G. Stoughton-Harris.

Nene College Library Company Limited has contracted with Stepnell Limited to carry out construction work at Nene College Park Campus.

## 21. Contingent liabilities

The College had no contingent liabilities at 31 July 1995 or at 31 July 1994.

## 22. Reconciliation of operating surplus/(deficit) to net cash from operating activities

	1994/95 £000	1993/94 £000
Surplus/(Deficit) before tax	1,144	(656)
Depreciation (note 9)	2,226	2,027
Provision for exceptional pension costs (note 5)	0	326
Deferred capital grants released to income (note 15)	(1,104)	(958)
Investment income	(296)	(372)
HEFCE reimbursement of debt charges – interest (note 1)	(212)	(242)
Interest payable (note 7)	1,178	728
(Increase)/decrease stocks	(1)	3
Increase in debtors	(743)	(1,011)
Increase in creditors	656	32
Increase in provisions	80	31
<b>Net cash inflow/(outflow) from operating activities</b>	<u>2,928</u>	<u>(92)</u>

# Nene College Higher Education Corporation

Notes to the Accounts – continued  
For the Year Ended 31 July 1995

## 23. Analysis of changes in financing during the year

### Mortgages & loans

	£000	£000
Balance at 1 August 1993		<u>5,378</u>
New leases/loans	0	
BES loan	7,866	
Capital repayments	(256)	
Net amount acquired in year	<u>7,610</u>	
Balance at 31 July 1994		<u>12,988</u>
New loan	3,257	
Capital repayments	(250)	
Net amount acquired in year	<u>3,007</u>	
Balance at 31 July 1995		<u>15,995</u>

## 24. Analysis of the balances of cash and cash equivalents as shown in the balance sheet

	1995 £000	1994 £000	Change in year £000
1994/95			
Cash at bank and in hand	245	192	53
Short term investments	6,239	7,008	(769)
Bank overdrafts (note 12)	(250)	(255)	5
	<u>6,234</u>	<u>6,945</u>	<u>(711)</u>
1993/94			
Cash at bank and in hand	192	20	172
Short term investments	7,008	5,231	1,777
Bank overdrafts	(255)	(313)	58
	<u>6,945</u>	<u>4,938</u>	<u>2,007</u>

## 25. Access funds

	1994/95 £000	1993/94 £000
Funding Council grants	121	91
Interest earned	2	2
	<u>123</u>	<u>93</u>
Disbursed to students	(123)	(93)
Balance unspent at 31 July	<u>0</u>	<u>0</u>

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

**26. Business Expansion Scheme (BES)**

On 4 August 1993, the College entered into agreements with Matrix Securities and Lloyds Bank plc to raise approximately £8.45 million through a Bank Guaranteed BES to fund the construction of 600 student residence places at Park Campus. The schemes were fully subscribed and BES companies were established and funded. These companies are known as: Matrix Aegis (Nene I) plc and Matrix Aegis (Nene II) plc.

Under the agreement, the College has contracted to borrow from Lloyds Bank plc an amount sufficient to buy all the shares of the BES companies or, alternatively, the properties at the end of the 5 year BES period. After allowing for net income received in respect of the residences during this same period, it is projected that this loan will be in the order of £8 million, to be secured on the halls themselves and the College's Avenue Campus. The minimum amount to be repaid to the BES company shareholders is £10,311,155 and the earliest date for repayment is 24 September 1998.

The halls of residence were completed in time for the start of the 1994/95 academic year and the final cost of the scheme was within budget.

Although the College has no legal claim to these halls and the associated income, other than the receipt of a ground rent, before the end of the BES period, in accordance with FRS 5 the following assets and liabilities have been included on the balance sheet:

	1994/95	Restated 1993/94	1993/94
	£000	£000	£000
Fixed assets (note 9)	7,699	6,161	0
Debtors	0	0	157
Cash investments	271	3,356	3,356
Cash at bank and in hand	0	8	8
	<b>7,970</b>	<b>9,525</b>	<b>3,521</b>
Creditors: amounts falling due within one year	104	157	2,019
Creditors: amounts falling due after more than one year	7,866	7,866	0
	<b>7,970</b>	<b>8,023</b>	<b>2,019</b>

**27. Pension schemes**

The two principal pension schemes for the College's employees are the Teachers' Superannuation Scheme (TSS) and the Northamptonshire County Council Superannuation Scheme (NCCSS). These are both independently administered defined benefit schemes which are funded by contributions from the College and employees. If the College was to close, without a successor establishment, the Department for Education and Employment would become the responsible authority for enhanced benefits awarded to members of staff who have taken early retirement.

The TSS scheme is valued every five years by the Government Actuary and the NCCS scheme is valued every three years by R Watson & Sons, professionally qualified independent actuaries. The rates of contribution payable by the College for 1994/95, determined by the respective actuaries, were 8.05% to the TSS scheme and 7.80% to the NCCS scheme. These rates of contribution are not expected to change for 1995/96.

The assumptions and data which have the most significant effect on the determination of the contribution levels for the NCCS scheme are as follows:

Date of latest actual valuation	31 March 1992
Investment rates per annum (nominal)	9.0%
Salary scale increases per annum (nominal)	6.5%
Pension increases per annum	4.5%
Rate of inflation per annum	4.5%
Market value of assets at date of last valuation	£261.4m
Proportion of members' accrued benefits covered by the actuarial value of the assets	101%

Assumptions and data in respect of the TSS scheme are not published by the Government Actuary.

The total pension cost for the period was £1.26 million (93/94 £1.26m – note 5) and an amount of £1.32 million is included on the balance sheet as a provision for future pension costs (note 14).

**28. Principal changes to 1993/94 comparative figures**

**a) Due to the new SORP format**

**Income and expenditure account**

	£000
Retained deficit – per 1993/94 financial statements	(368)
Transfers to specific reserves during the period – per 1993/94 financial statements	728
Capital reserves released during the period – per 1993/94 financial statements	(648)
Deficit after exceptional item – per 1993/94 financial statements	(288)
HEFCE reimbursement of debt principal – taken directly to reserves	(261)
Provision for finance cost relating to BES	(107)
Deficit after depreciation of assets at valuation and before tax – per 1994/95 financial statements	(656)
Released from revaluation reserve	680
<b>Historical cost surplus after tax – per 1994/95 financial statements</b>	<b>24</b>

**Balance sheet**

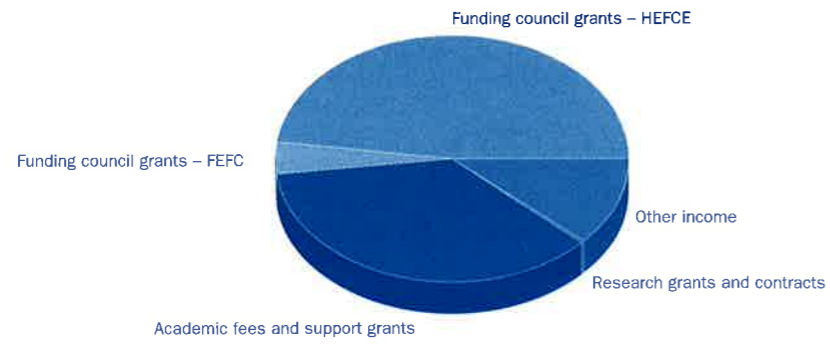
	Creditors within 1 year £000	Creditors after 1 year £000	Income & Expd. a/c £000	Revaluation Reserve £000
As per 1993/94 financial statements	6,394	14,507		
Total reserves per 93/94 financial statements			36,745	
Deferred capital grants	(820)	(8,349)		
Provisions for liabilities and charges		(1,293)	(100)	
Capital reserve for inherited assets			(27,737)	27,737
BES restatement	(1,862)	7,973	(107)	
As per 1994/95 financial statements	3,712	12,838	8,801	27,737

**b) Due to the application of FRS 5**

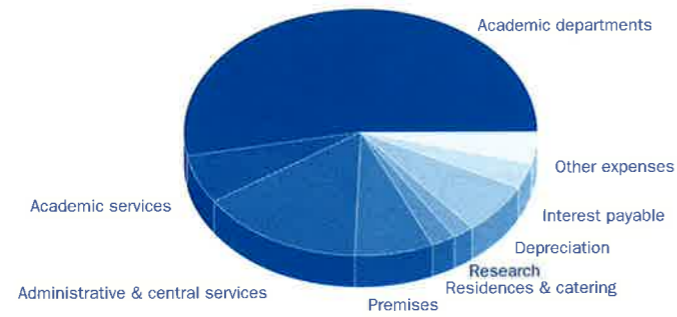
Changes have been made to the 1993/94 comparative figures in respect of the BES arrangements. The 1994/95 figures have been compiled to comply with the requirements of FRS 5 which was not applicable to the 1993/94 accounts. In order that meaningful comparison can be made, the 1993/94 figures have been restated as though FRS 5 had been applied. (See note 26).

## Graphical Financial Analysis

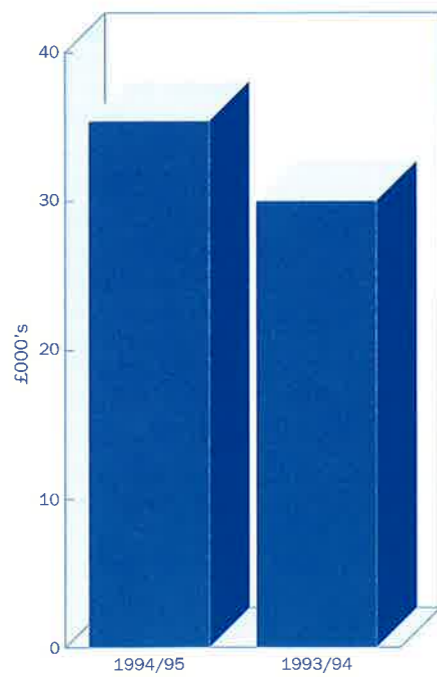
### Analysis of income 1994/95



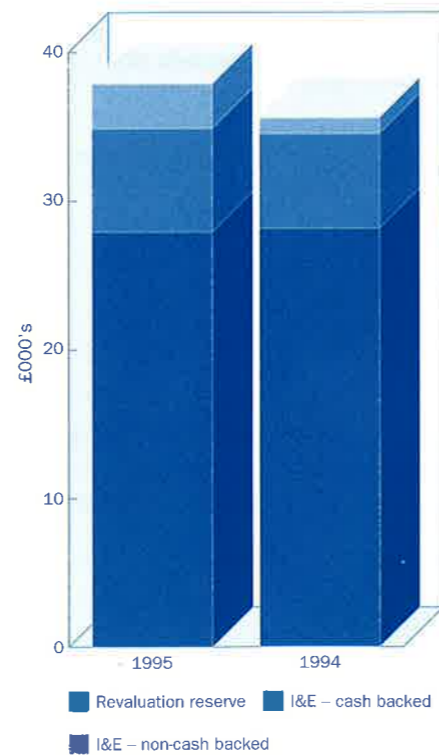
### Analysis of expenditure 1994/95



### Growth in total income



### Growth in total funds





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