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# **Rose Bruford College** *of Theatre & Performance*

## **Annual Report and Financial Statements**

31 July 2012

Company Limited by Guarantee  
Registration Number 508616  
(England and Wales)

Charity Registration Number 307907

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## Legal and administrative information

<b>Governors</b>	Dr Philip Broadhead (3) (4) Cllr Colin Campbell (2) Stephen Collins (1) Mike Dormer (1) (3) Steven Dykes (Staff)(4) Professor Michael Earley (Principal) Rodney Gent (Chair) (1) (3) (4) Eleanor Lang (2) Mike McCart Maxine Room (1) Chris Shepherd Gill Simson (Staff) Ben Thomas (4) Cara Turlington (2) Professor Dianne Willcocks (Vice Chair) (1) (3)
<b>President</b>	Sir Richard Eyre
<b>Secretary</b>	Patrick Taylor
<b>Registered/Principal office</b>	Lamorbey Park Campus Burnt Oak Lane Sidcup Kent DA15 9DF
<b>Telephone</b>	020 8308 2600
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<b>E-mail</b>	<a href="mailto:enquiries@bruford.ac.uk">enquiries@bruford.ac.uk</a>
<b>Company registration number</b>	508616
<b>Charity registration number</b>	307907
<b>Key to committees</b>	(1) Member of Finance and General Purposes Committee (2) Member of Audit Committee (3) Member of Remuneration Committee (4) Governance Committee

## **Legal and administrative information**

### **Auditors**

**Internal** RSM Tenon  
66 Chiltern Street  
London  
W1U 4GB

**External** Buzzacott LLP  
130 Wood Street  
London  
EC2V 6DL

**Bankers** HSBC Bank plc  
38 High Street  
Dartford  
Kent  
DA1 1DG

**Solicitors** Collyer-Bristow  
4 Bedford Row  
London  
WC1R 4DF

The College is now completing the first full year of its Diamond Jubilee celebrations and the next stage, through 2013, will be to chart a secure future and greater stability for the College and its next sixty years. We continue to operate in a financial climate where austerity and a careful marshalling of resources are continually balanced against increasing financial commitments.

### **New funding regime for higher education**

Significant changes are evolving within the funding of higher education in England. Under new government policies in funding and supporting higher education, the College will see major changes in the percentage proportion of income receivable from the Higher Education Funding Council for England (HEFCE) following the 2012 introduction of maximum undergraduate full-time student fees to the fee of £9000 per annum. Over the next few years HEFCE will be phasing out its entire mainstream teaching grants as successive cohorts of old-regime students complete their studies. As at 31 July 2012, HEFCE grants represent 56% of our total turnover. By 2014/15, we estimate the proportion of government funding would reduce to about 15% of our annual turnover. Student fees, on the other hand, will rise from 38% to 80% of our annual turnover. The new-regime full-time students, those who commence their higher education studies from September 2012, will be liable to pay the fee of up to £9000 per annum. We also expect that during this period our undergraduate student numbers (the main source of our income) will remain capped.

HEFCE is currently reviewing the institutional-specific funding to all higher education institutions in England and will come to some decisions by the end of 2012. This funding is equivalent to 20% (or £852,000) of our total HEFCE grant income in the year ended 31st July 2012. It is vital to the institution's sustainability. Even setting our undergraduate full-time tuition fees at the rate of £9000 per annum per student, this does not represent the full cost of educating a Rose Bruford student who benefits from both high contact hours of teaching and considerable technical resourcing.

### **Capital project**

In February 2012 the College acquired the freehold interest of the former Lamorbey Baths site from the London Borough of Bexley with the intention of developing our own student accommodation. Discussions with potential developers are underway. Our plan is to have the construction complete for occupation by 2014/2015. The property gives the College a much-needed tangible asset. It will also end the uncertainty of securing reliable local housing for students.

### **New College Strategic plan**

The College continues to work at finalising our new three-year Strategic Plan. In light of the changing higher education funding climate and financial needs of the institution over the coming years, particularly the critical years starting with 2014-15 when the College will be almost wholly dependent on tuition fees income, we now need even more careful assessment and scrutiny than in the past. The plan is weighted heavily towards institutional sustainability and the growth of new income sources. It will also lead us towards acquiring Taught Degree Awarding Powers (TDAP) and eventually University title.

### **Preparation for application for Taught Degree Awarding Powers**

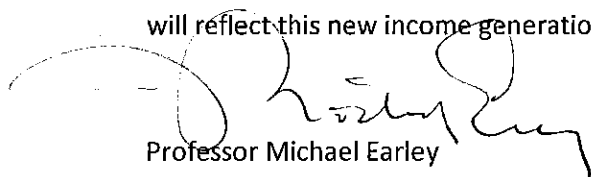
Even as a small specialist institution competing in the wider UK and international higher education sector, it is becoming crucial to have our own power to award our own degrees. Although the current arrangement with University of Manchester as our validation partner works well, the College is in the process of preparing for application for Taught Degree Awarding Powers. In our view the independence, greater worth and bargaining power associated with TDAP make it a vital step for the College to take.

### **Fundraising and International development**

In terms of development and the search for new funds and business, we continue to press for greater fundraising and international development. A new Development Group has been assembled with the express task of helping the Principal to assess new development ideas, including fundraising campaigns, industry relationships, major gifts, international work and alumni initiatives via Bruford Connects.

The College received an award from CASE Europe in May 2012 for achieving the highest final year matched funding of the HEFCE funded Matched Funding initiative in our tier group. The total sum of donations raised over the three year period from 2008 to 2011 including the HEFCE Matched Funding grant reached over £400,000. Reputation-wise, this has put Rose Bruford College in a strong position with HEFCE and with UK Government Department of Business, Innovation and Skills (BIS). From this activity we continue to identify new donors to the College from its friends and alumni base.

The College has started to generate new income from short-term visits and semester abroad visits from international students. It is also using its campus more in out of term time for summer schools and rentals to outside groups. We expect our future surpluses will reflect this new income generation.



Professor Michael Earley

Principal and Chief Executive

## **Rose Bruford College – our purpose and ambitions**

*As a leading provider of higher education for theatre and performance, our purpose is to...*

*Inspire* students, staff and industry professionals to study, create and advance theatre and performance in a national and international context

*Equip* our students with the skills for successful, sustained careers, using a curriculum that reflects and informs industry practice

*Create* theatre and performance in a practical, collaborative environment, enabling people to explore, research and experiment

*Challenge* and contribute to society and communities using these arts

*Our ambition is to inspire and equip people to create and challenge, through a distinctive and diverse approach to theatre and performance:*

*Distinctive* in that we will:

- ◆ develop these arts and industries as well as meeting current needs for skilled practitioners
- ◆ work across international as well as British performance traditions
- ◆ further the societal as well as the commercial role of theatre and performance

*Diverse* in that we will:

- ◆ build an international network of collaboration
- ◆ work with and within a wide range of communities to develop theatre and performance that is purposeful and progressive
- ◆ meet lifelong education and skills needs through a comprehensive range of postgraduate and professional development programmes
- ◆ ensure that we admit students with the greatest potential, regardless of background, so that, in turn, our graduates are employable, entrepreneurial, active and positive contributors to society
- ◆ use new technologies to develop these arts and deliver these objectives

## Operating and Financial Review Year to 31 July 2012

### Role

Rose Bruford College is a College of Higher Education funded directly by the Higher Education Funding Council for England offering degrees validated by the University of Manchester. We provide theatre-related education that is sensitive and responsive to the needs of students, employers, sponsors, our local community and other stakeholders. It is also our role to promote reflection and change within the world of theatrical education. We work in partnership with other institutions and organisations to achieve our strategic aims.

### Scope of financial statements

The financial statements presented to the Board of Governors reflect the results of the College for the year ended 31 July 2012.

### Results for the year

The College's income, expenditure and results for the year to 31 July 2012 are summarised as follows:

	2012 £'000	2011 £'000
Income	7,083	7,572
Expenditure	6,933	7,162
Surplus for the year	150	410
Surplus for the year on an historical cost basis	160	420

### Income

The College has significant reliance on the HEFCE for its principal funding source, largely from recurrent grants. In 2011/12 HEFCE provided 56.6% of the College's total income.

The average number of students attending the College and the related net income from tuition fees was as follows:

	2011/2012		2010/2011	
	Headcount	£'000	Headcount	£'000
Full-time Home and EC students	558	1,843	562	1,804
Overseas ( non-EC ) students	39	522	51	588
Full-time Postgraduate students	10	100	2	20
Part-time students	224	206	248	199
Non-credit bearing students	20	15	42	29
	851	2,686	905	2,640



### **Expenditure**

Within expenditure, staff costs totalling £3.926 million (note 4) are the most significant component, comprising 55.4% of the annual turnover. Under Other operating expenses, there are substantial increases in fee payable of £133,000 from the use of agency and temporary technical support staff. Payment to other institutions has decreased by £107,000 because of the new exchange arrangement with the US partners. With the withdrawal of grants from Higher Education Innovation Fund in 2011/12, no further expenditures have been allocated to this heading. Overall the other operating expenditures decrease by £40,000.

### **Capital grants**

At the year end the College was holding deferred capital grants of £4.497 million applicable to the Rose Theatre, the new Redevelopment project at Lamorbey Park Site and HEFCE capital allocations.

### **Fixed assets**

The College has total fixed assets of £9.495 million. The corresponding figure last year was £9.057 million. The College incurred expenditure of £ 842,000 during the year in respect of additional assets.

### **Cash flow**

The cash flow statement shows a net outflow of £ 414,000. There is a net cash inflow of £ 511,000 as a result of operating activities.

### **Principal risks and uncertainties**

The College continues to review risk assessment and risk management arrangements to safeguard corporate interests and reputation as part of its Strategic Plan.

A risk register is maintained at the College which is reviewed regularly. The risk register identifies key risks, the likelihood of those risks occurring, their potential impact on the College and the actions being taken to reduce and mitigate the risks.

## **Public Benefit**

As an exempt charity there are many ways that Rose Bruford College provides benefits both to the wider public good and to groups including those which might otherwise be excluded from Higher Education because of financial circumstances. The College actively encourages applications from all groups in society, and promotes, as part of its heritage, an inclusive community spirit where all can benefit from a diversity of cultural exchanges and from learning of each other's life experiences.

Rose Bruford College sees its mission as a combination of educational and artistic endeavour, fulfilling its obligations as a registered charity to promote engagement and to contribute broadly to society. In doing so it continues to offer support to those who might otherwise find it difficult to study; and to offer encouragement to a wide range of participants. Its vision of theatre and community is an inclusive one, promoting understanding through the sharing of cultural differences.

In 2011/12 the College:

- ◆ Ran 15 undergraduate and graduate degree programmes, and a range of courses for professionals, all within the public sector. These courses involve about 850 people on campus and by distance learning. The college recorded its highest ever figures for involving students from under-represented groups, including exceptional figures for disabled students.
- ◆ Awarded means-tested bursaries, totalling over £130,000, to over 170 students.
- ◆ Run Student Ambassador scheme, involving current students and recent graduates with local young people on a range of projects.
- ◆ Continued to promote positive role models in state secondary schools and further education colleges in the South London and Kent regions through outreach work and touring performances.
- ◆ Remained as a registered Arts Award Centre, providing technical theatre based Arts Awards to local schools.
- ◆ Participated in the Young Playwriting festival in January 2012.
- ◆ Involved at the Sports Relief Day 2012, creating lighting designs for the National Theatre and London County Hall in support of their fundraising efforts.
- ◆ Exhibited at the Big Bang Fair, NEC promoting theatre based education pathways to 56,000 participants.

### **Public Benefit (continued)**

- ◆ Participated in various community projects including the Bexley Hall Place Jubilee weekend activities, Wilton Music Hall fundraising event and the Arc Show at Islington Green in February 2012.
- ◆ Made visits to schools, colleges and specialist young people's theatre organisations, including work with the Creative and Cultural Skills; and partnerships built as part of two former lifelong learning networks: Creative Way and National Arts Learning Network. We have contributed to the continuation of the latter as part of Ukadia art and design consortium, maintaining progression partnerships with FE colleges in urban centres across the UK and in the Thames Gateway.
- ◆ Continued to offer its Young People's Theatre Workshops and summer school, which annually draw over 600 young people. The College runs seven groups of young people's theatre workshops and six adult workshops throughout the year.
- ◆ Delivered over 50 public performances to audiences of 5500 both on campus and in London venues. On some productions we offered sign interpreted performances.
- ◆ Promoted the exploration and communication of research and knowledge through its annual public lecture series and spring research symposium.
- ◆ Established research centres in a number of areas, including the work of Konstantin Stanislavski; theatre innovation; voice and speech; and the use of theatre technology. These centres offer themselves to researchers and run occasional public events.
- ◆ Maintained a specialist drama library open to the general public through the Bexley Library Service catalogue, welcoming around 600 visitors a week to its facilities.
- ◆ Opened the campus to the local public and community groups as part of Open House and on other occasions.
- ◆ Supported arts initiatives in the local community, which has been encouraged to make use of the College campus as much as possible.
- ◆ Developed further overseas links with Europe, USA, and Asia, (sometimes through the European Erasmus programme) exchanging performance ideas with practitioners and the public in places as diverse as Prague, Talinn, Rio, Chicago and Texas.

The Governors submit their report together with the financial statements of the College for the year ended 31 July 2012.

### **Constitution and activity**

Rose Bruford College is registered under the Companies Act 2006, as a company limited by guarantee without a share capital and was incorporated in 1952. In the event of the company being wound up, the liability of the members, who are the Governors, is limited to £2 each. The College is a registered charity, number 307907. The principal activity of the College is the provision of higher education in theatre and related arts as a designated College within the university sector and funded therefore by the Higher Education Funding Council for England.

### **Summary of the College's structure of corporate governance**

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

Throughout the year ended 31 July 2012, the College has been in compliance with all the Code provisions set out in Section 1 of the Combined Code on Corporate Governance. The College also complies with the Committee of University Chairman (CUC) Guide to Governors published in November 2004 and the revised edition of March 2009. It contains a Code of Governance and the Board of Governors has agreed to adopt the Code except in one respect: the Code specifies at least four meetings a year but the Board of Governors has decided that, in view of the size and nature of the College, a minimum of three meetings per year was appropriate.

The Board of Governors, through its various committees, has continued to carry out their responsibilities in setting policy and monitoring the performance of the College. The Board of Governors has formulated an ongoing process for identifying, evaluating and managing the College's significant risks, which is regularly reviewed by the Board of Governors, and which accords with the internal control guidance in the Combined Code as deemed appropriate for higher education.

The Board of Governors is accountable for internal control and therefore has responsibility for maintaining a sound system of internal control that supports the achievement of the College's Strategic plan, and for reviewing its effectiveness. The system of internal control is designed to manage rather than eliminate the risk of failure to achieve these strategic aims and objectives; it can therefore only provide reasonable and not absolute assurance of effectiveness.

## **Summary of the College's structure of corporate governance (continued)**

The system of internal control is based on an ongoing risk management process designed to identify the principal risks to the achievement of the strategic aims and objectives; to evaluate the nature and extent of those risks; and to manage them efficiently, effectively and economically. The system of internal control is underpinned by compliance with the requirements of the core Controls Assurance standards;

- ◆ Governance
- ◆ Financial Management
- ◆ Risk Management
- ◆ Data Quality Assurance

The College has established the following processes in relation to its risk management policy and for reviewing the effectiveness of the system of internal control:

- ◆ The Board of Governors meets at least three times a year to consider the plans and strategic direction of the College;
- ◆ The Board of Governors has established that the Senior Management Committee of the College should be the body that oversees risk management at the institution;
- ◆ A risk register for the institution, which incorporates the key risks at the institutional level, is maintained. The register is formally appraised annually but emerging risks are added as required, the improvement actions and risk indicators are monitored regularly by the Senior Management Committee and by the Audit Committee;
- ◆ Twice-yearly reporting is designed to monitor key risks and their controls. Decisions to rectify problems are made at regular meetings of the Senior Management Committee and the Board of the Governors if appropriate;
- ◆ The Audit Committee receives regular reports from the Internal Auditors on specific areas of internal control together with recommendations for improvement. Audit planning arrangements and the methodology and approach of internal audit conforms to the latest professional standards reflecting the adoption of risk management techniques;
- ◆ The Governance Committee is responsible for advising the Board of Governors on how best practice in governance standards can be achieved. Reviews of effectiveness of the Board of Governors as advocated in the CUC Code are also undertaken both with each Governor and with the Board of Governors as a whole.

## **Summary of the College's structure of corporate governance** (continued)

The Principal, as Chief Executive, has responsibility for reviewing the effectiveness of the system of internal control. This review of the effectiveness of the system of internal control takes into account the work of the Audit Committee which has responsibility for the review of development and maintenance of the internal control framework, and of the internal auditors. Account is also taken of the comments made by external auditors, HEFCE auditors, and other review bodies in their reports.

The Board of Governors, the majority of whom are non-executive, comprises persons appointed under the Articles of Association. The role of the Chair of the Governors is separated from the role of Principal and Chief Executive. The matters specially reserved to the Board of Governors for decision are set out in the Articles of Association, by custom and under the Financial Memorandum with the Higher Education Funding Council for England; the Board of Governors holds to itself the responsibilities for ongoing strategic direction of the College, the appointment and dismissal of designated office holders, approval of major developments and the receipt of regular reports from the Chief Executive on day-to-day operations of its business. The Board meets at least three times a year and has several committees, including a Finance and General Purposes Committee, an Audit Committee, a Governance Committee, and a Remuneration Committee. All of these Committees are formally constituted with terms of reference and comprise appropriately qualified and experienced members.

The Finance and General Purposes Committee, amongst other things, recommends the annual budget to the Board of Governors and monitors performance in relation to the approved budget.

The Audit Committee meets at least three times a year. These meetings are with the internal auditors, to consider detailed internal audit reports and recommendations for the improvement of the College's systems of internal control, together with management's responses and implementation plans and at least once a year with the external auditors, to discuss audit findings. The Committee also receives and considers reports from the Higher Education Funding Council for England as they affect the College's business and monitor adherence with the regulatory requirements. Whilst senior executives attend meetings of the Audit Committee as necessary, they are not members of the Committee, and the Committee meets with the external and internal auditors on their own for independent discussions.

The Remuneration Committee determines the remuneration of designated senior post holders.

The Governance Committee comprises of independent Governors, the Principal and a Staff and Student Governor and meets three times a year. It considers issues relating to the appointment, term of office, induction, training and evaluation of Governors.

## Report of the Governors Year to 31 July 2012

### Governors

The Governors of the College are Directors under the Companies Act 2006. The Governors who served during the year are as follows:

<b>Governors</b>	<b>Appointed/resigned</b>
Philip Broadhead	
Cllr Colin Campbell	
Stephen Collins	
Mike Dormer	
Steven Dykes (Staff)	Appointed 29 September 2011
Professor Michael Earley (Principal)	
Rodney Gent (Chair)	
Eleanor Lang	
Ben Pavay (Student)	Term ended 31 July 2012
Mike McCart	
Maxine Room	
Jane Schopf (Staff)	Term ended 28 Septemebr 2011
Chris Shepherd	
Gill Simson (Staff)	
Ben Thomas	
Cara Turtington	
Professor Dianne Willcocks (Vice Chair)	

### Governors' responsibilities statement

In accordance with applicable law, United Kingdom Generally Accepted Accounting Practice and with the Articles of Association, the Governors of Rose Bruford College are responsible for the administration and management of the affairs of the College, including ensuring an effective system of internal control, and are required to present audited financial statements for each financial year.

The Governors are responsible for keeping proper accounting records which disclose with reasonable accuracy at any time the financial position of the College and enable them to ensure that the financial statements are prepared in accordance with the Companies Act 2006, the Statement of Recommended Practice on Accounting for Further and Higher Education and other relevant accounting standards. In addition, within the terms and conditions of a Financial Memorandum agreed between the Higher Education Funding Council for England and the Governors of the College, the Governors, through their designated officer holder, are 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.

### **Governors' responsibilities statement (continued)**

In causing the financial statements to be prepared, the Governors have to ensure 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;
- ◆ financial statements are prepared on the going concern basis unless it is inappropriate to presume that the College will continue in operation. The Governors are satisfied they have 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 Governors have taken reasonable steps to:

- ◆ ensure that funds from the Higher Education Funding Council for England 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.

### **Statement on the system of internal financial control**

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

- ◆ clear definitions of the responsibilities of, and the authority delegated to, heads of academic and administrative departments;
- ◆ a comprehensive medium and short-term planning process, supplemented by detailed annual income, expenditure, capital and cash flow budgets;
- ◆ regular reviews of key performance indicators and business risks and quarterly reviews of financial results involving variance reporting and updates of forecast outturns;



## **Statement on the system of internal financial control** (continued)

- ◆ clearly defined and formalised requirements for approval and control of expenditure, with investment decisions involving capital or revenue expenditure being subject to formal detailed appraisal and review according to approval levels set by the Board of Governors;
- ◆ comprehensive Financial Regulations, detailing financial controls and procedures, approved by the Audit Committee and Finance Committee;
- ◆ a professional Internal Audit team whose annual programme is approved by the Audit Committee and endorsed by the Board of Governors and whose head provides the Board of Governors with a report on internal audit activity within the College and an opinion on the adequacy and effectiveness of the College's system of internal control, including internal financial control.

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

### **Fixed assets**

The movement in fixed assets during the year is set out in note 7 to the financial statements.

### **Equal Opportunities**

The College is committed to promoting equality of opportunity in all areas of employment and study. We work towards an environment where all employees and students can develop to their full potential regardless of gender, disability, race, colour, marital status, ethnic origin, sexual orientation, age and religious or political affiliation.

### **Employment of disabled persons**

Applications for employment by disabled persons are always fully considered and guaranteed an interview, subject to meeting the selection criteria for the post. If existing employees become disabled every effort is made to continue their employment with the College and arrangements will be made for reasonable adjustments, support and training as appropriate. It is the College's policy that the training, career development and promotion of disabled persons should, as far as possible, be identical with that of other employees.

### **Employee involvement**

The College places considerable value on the involvement of its employees and on good communication with them. All staff attend regular briefing meetings and are encouraged to participate informally and in formal discussion at those meetings and through a range of administrative and academic committees. The College has also introduced staff nominated membership of the management team. The College has a well established appraisal scheme. All staff receive a copy of the Principal and Chief Executive's termly report to the Board of Governors and copies of non-confidential Governors' papers are available in the College Library.

### **Creditor payment policy**

It is the College's policy to abide by terms of payment agreed with suppliers. In most cases the College's conditions of purchase apply, in which case payment is made within 30 days after the end of the month of receipt of a valid invoice or after acceptance of the goods or services, whichever is the later. In some cases, the terms of payment are as stated in the supplier's own literature. In other cases, the terms of payment are determined by specific written or oral agreement.

### **Public Benefit**

The Governors of the College confirm that they have considered the Charity Commission's general guidance on public benefit when reviewing the College's aims and objectives and in planning future activities and setting policies for the year.

### **Disclosure of information to auditors**

The Governors who held office at the date of approval of this report confirm that:

- ◆ so far as they are each aware, there is no relevant audit information of which the College's auditors are unaware; and
- ◆ each Governor has taken all the steps that he or she ought to have taken as a Governor in order to make himself or herself aware of any relevant audit information and to establish that the company's auditors are aware of that information.

This confirmation is given and should be interpreted in accordance with the provisions of s418 of the Companies Act 2006.

Signed on behalf of the Board of Governors:

  
Chair of Governors

Mr Rodney Gent

Approved on: 20 November 2012

## **Independent auditor's report to the Governors of Rose Bruford College**

We have audited the financial statements of Rose Bruford College for the year ended 31 July 2012 which comprise the statement of financial activities, the balance sheet, the cash flow statement, the principal accounting policies and the related notes. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice) and the Statement of Recommended Practice on Accounting for Further and Higher Education.

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

### **Respective responsibilities of Governors and auditor**

The College's governors are also the directors of the charitable company for the purposes of company law. As explained more fully in the Governors' Responsibilities Statement set out in the Report of the Governors, the Governors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view.

Our responsibility is to audit and express an opinion on the financial statements in accordance with applicable law, International Standards on Auditing (UK and Ireland) and the Audit Code of Practice issued by the Higher Education Funding Council for England. The International Standards on Auditing (UK and Ireland) require us to comply with the Auditing Practices Board's (APB's) Ethical Standards for Auditors.

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

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

### **Opinion on financial statements**

In our opinion the financial statements:

- ◆ give a true and fair view of the state of affairs of Rose Bruford College as at 31 July 2012 and of its surplus of income against expenditure and cashflow of the College for the year then ended;
- ◆ have been properly prepared in accordance with the requirements of the Companies Act 2006 and with United Kingdom Generally Accepted Accounting Practice and the Statement of Recommended Practice on Accounting for further and Higher Education; and
- ◆ in all material respects, income from the Higher Education Funding Council for England, grants and income for specific purposes and from other restricted funds administered by the College have been applied only for the purposes for which they were received; and
- ◆ in all material respects, income has been applied in accordance with the College's Memorandum and Articles of Association and, where appropriate, with the Financial Memorandum dated 31 July 2008 with the Higher Education Funding Council for England.

### **Opinion on other matter prescribed by the Companies Act 2006**

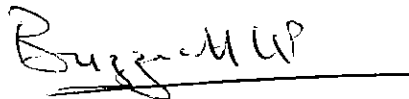
In our opinion the information given in the Operating and Financial Review and the Report of the Governors for the financial year for which the financial statements are prepared is consistent with the financial statements.

**Independent auditor's report** Year to 31 July 2012

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

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

- ◆ adequate accounting records have not been kept or returns adequate for our audit have not been received from branches not visited by us; or
- ◆ the financial statements are not in agreement with the accounting records and returns; or
- ◆ certain disclosures of Governors' remuneration specified by law are not made; or
- ◆ we have not received all the information and explanations we require for our audit.



Avnish Savjani, Senior Statutory Auditor  
for and on behalf of Buzzacott LLP, Statutory Auditor  
130 Wood Street  
London  
EC2V 6DL

27 November 2012

## Income and expenditure account Year to 31 July 2012

	Notes	2012 £'000	2011 £'000
<b>Income</b>			
Funding Council grants	1	4,006	4,434
Tuition fees	2	2,686	2,640
Other income	3	389	495
Interest receivable		2	3
<b>Total income</b>		<b>7,083</b>	<b>7,572</b>
<b>Expenditure</b>			
Staff costs	4	3,926	4,103
Other operating expenses	5	2,570	2,610
Depreciation		404	412
Interest payable		33	37
<b>Total expenditure</b>	6	<b>6,933</b>	<b>7,162</b>
<b>Surplus on continuing operations after depreciation of tangible fixed assets at valuation</b>		<b>150</b>	<b>410</b>

Note of historical cost surpluses	2012 £'000	2011 £'000
Surplus after depreciation of assets at valuation	150	410
Difference between historical cost depreciation and the actual charge for the year calculated on the revalued amount	10	10
<b>Historical cost surplus for the year</b>	<b>160</b>	<b>420</b>

All of the College's activities derived from continuing operations during the above two financial periods.

## Statement of Total Recognised Gains and Losses

	2012 £'000	2011 £'000
Surplus after depreciation of assets at valuation	150	410
Actuarial (loss) gain in respect of pension scheme (note 16)	(274)	(97)
<b>Total recognised gains since last report</b>	<b>(124)</b>	<b>313</b>

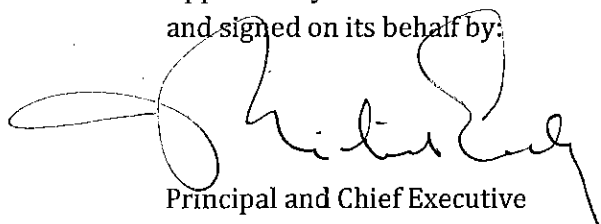
## Reconciliation

	2012 £'000	2011 £'000
Opening reserves	3,589	3,276
Total recognised gains for the year	(124)	313
	<b>3,465</b>	<b>3,589</b>

**Balance Sheet** As at 31 July 2012

	Notes	2012 £'000	2012 £'000	2011 £'000	2011 £'000
<b>Fixed assets</b>					
Tangible assets	7		9,495		9,057
<b>Current assets</b>					
Debtors	9	350		428	
Cash at bank and in hand		950		1,364	
		<u>1,300</u>		<u>1,792</u>	
<b>Creditors: amounts falling due within one year</b>	10	<b>(1,033)</b>		<b>(1,006)</b>	
<b>Net current assets</b>			<u>267</u>		<u>786</u>
			9,762		9,843
<b>Creditors: amounts falling due after one year</b>	11		<b>(434)</b>		<b>(523)</b>
<b>Total net assets excluding pension liability</b>			<u>9,328</u>		<u>9,320</u>
<b>Net pension liability</b>	16		<b>(1,366)</b>		<b>(1,046)</b>
<b>Net assets including pension liability</b>			<u>7,962</u>		<u>8,274</u>
<b>Deferred capital grants</b>	12		4,497		4,685
<b>Reserves</b>					
Revenue reserve excluding pension reserve	13	3,712		3,450	
Donation reserve	13	294		350	
Pension reserve	16	<b>(1,366)</b>		<b>(1,046)</b>	
Revenue reserve including pension reserve		<u>2,640</u>		<u>2,754</u>	
Revaluation reserve	13	825		835	
<b>Total reserves</b>			<u>3,465</u>		<u>3,589</u>
<b>Total funds</b>			<u>7,962</u>		<u>8,274</u>

Approved by the Board of Governors  
and signed on its behalf by:



Principal and Chief Executive

Professor Michael Earley



Chair of Governors

Mr Rodney Gent

Approved on: 20 November 2012

Rose Bruford College (Company registration No. 508616 (England and Wales))

## Cash flow statement Year to 31 July 2012

	Notes	2012 £'000	2011 £'000
Cash inflow from operating activities	A	511	588
Returns on investments and servicing of finance	B	(31)	(34)
Capital expenditure and financial investment	C	(825)	—
Cash (outflow)/inflow before financing		(345)	554
Financing	D	(69)	(66)
(Decrease)/increase in cash	E	(414)	488

### Notes to the cash flow statement for the year to 31 July 2012:

#### A Adjustment of surplus after depreciation of assets at valuation to net cash inflow from operating activities

	2012 £'000	2011 £'000
Surplus after depreciation of assets at valuation	150	410
Deferred capital grants released to income (notes 1 and 12)	(201)	(179)
Depreciation (notes 6 and 7)	404	412
Profit on disposal of tangible fixed assets	(4)	—
Interest receivable	(2)	(3)
Interest payable	33	37
Pension cost less contributions payable (note 16)	46	4
Decrease / (increase) in debtors	78	(137)
Increase in creditors	7	44
<b>Net cash inflow from operating activities</b>	<b>511</b>	<b>588</b>

#### B Returns on investments and servicing of finance

	2012 £'000	2011 £'000
Interest received	2	3
Interest paid	(33)	(37)
<b>Returns on investments and servicing of finance</b>	<b>(31)</b>	<b>(34)</b>



**Cash flow statement** Year to 31 July 2012

**C Capital expenditure and financial investment**

	2012 £'000	2011 £'000
Payments to acquire tangible fixed assets	(842)	(159)
Sales of tangible fixed assets	4	—
Deferred capital grants received	13	159
	<b>(825)</b>	<b>—</b>

**D Financing**

	2012 £'000	2011 £'000
Repayment of bank loan	(69)	(66)

**E Analysis of changes in net debt**

	At 1 August 2011 £'000	Cash flows £'000	At 31 July 2012 £'000
Cash in hand, at bank	1,364	(414)	950
Debt due within one year	(67)	(5)	(72)
Debt due after one year	(508)	74	(434)
<b>Total</b>	<b>789</b>	<b>(345)</b>	<b>444</b>

**F Reconciliation of net cash flow to movement in net funds**

	2012 £'000	2011 £'000
Increase in cash in the year	(414)	488
Cashflow from secured loan	69	66
Change during the year	(345)	554
Net debt at 1 August 2011	789	235
Net funds at 31 July 2012	<b>444</b>	<b>789</b>

### **Basis of accounting**

The accounts have been prepared under the historical cost convention, as modified by the revaluation of freehold and leasehold property and investments, and in accordance with applicable United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice) and the Companies Act 2006, adapted to comply with the Statement of Recommended Practice on Accounting for Further and Higher Education.

### **Subsidiary**

As the subsidiary company (note 8) has been dormant for the current and preceding years and has no material assets or liabilities, the College is not presenting consolidated accounts.

### **Tangible fixed assets**

Long leasehold land and buildings are recorded in the accounts at a valuation performed on 31 October 1995 plus additions at cost since that date, in accordance with the transitional rules of FRS 15. All other assets are recorded at cost.

Depreciation is provided on all tangible fixed assets, at rates calculated to write them off, less residual value, over their expected useful lives as follows:

- ◆ Long leasehold buildings Over 50 years
- ◆ Fixtures and fittings Over 50 years
- ◆ Theatre equipment 10% per annum - straight line
- ◆ Other fixed assets 25% per annum - straight line

No depreciation is provided on freehold land.

Equipment costing less than £500 per individual item or group of related items is written off in the year of acquisition. All other equipment is capitalised.

### **Grants**

The recurrent grants from HEFCE represent the funding allocations attributable to the current financial year and are credited direct to the income and expenditure account. Recurrent grants are recognised in line with planned activity. Any under-achievement against this planned activity is adjusted in-year and reflected in the level of recurrent grant recognised in the income and expenditure account.

Specific grants are credited to the income and expenditure account to match the expenditure to which they relate.

Capital grants for the purchase of tangible fixed assets are shown under creditors as deferred capital grants and released to the income and expenditure account over the estimated useful lives of the related assets.

## **Principal accounting policies** Year to 31 July 2012

### **Revaluation reserve**

The revaluation reserve represents the surplus arising on the valuation of the freehold and leasehold land and buildings and is released to the Revenue Reserve as follows:

- ◆ Freehold land and buildings Over 50 years
- ◆ Long leasehold land and buildings Over 50 years

### **Long term maintenance**

Expenditure on long term maintenance is charged to the income and expenditure account as incurred.

### **Taxation**

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

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

### **Leased assets**

Assets held under finance leases and hire purchase contracts are capitalised in the balance sheet and depreciated over their expected useful lives. The interest element of the rental obligations is charged to the income and expenditure account over the period of the lease.

Rentals paid under operating leases are charged to the income and expenditure account on a straight line basis over the lease term.

### **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 exchange contracts, at contract rates. The resulting exchange differences are dealt with in the determination of income and expenditure for the financial year.

### **Pension schemes**

The College's employees belong to two principal pension schemes: the Teachers' Pension Scheme (TPS) and the London Government Superannuation Scheme (LGSS). The schemes are defined benefit schemes, which are externally funded and contracted out of the State Earnings-Related Pension Scheme.

Contributions to the TPS and LGSS are charged to the income and expenditure 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 quinquennial valuations using a prospective benefit method for the TPS scheme and triennial valuations using a projected unit method for the LGSS scheme.

The assets of the LGSS are measured using closing market values. LGSS liabilities are measured using the projected unit method and discounted at the current rate of return on a high quality corporate bond of equivalent term and currency to the liability. The increase in the present value of the liabilities of the scheme expected to arise from employee service in the period is charged to the operating surplus. The expected return on the scheme's assets and the increase during the period in the present value of the scheme's liabilities, arising from the passage of time, are included in pension finance costs. Actuarial gains and losses are recognised in the statement of total recognised gains and losses.

**Notes to the accounts 31 July 2012**

**1 Funding Council grants**

	2012 £'000	2012 £'000	2011 £'000	2011 £'000
<b>Higher Education Funding Council for England</b>				
Recurrent grant	3,742		3,916	
Research grant	43		54	
HEFCE HEIF	—		100	
HEFCE Others	4		166	
Inherited liabilities	16		19	
		3,805		4,255
Deferred capital grants released in year				
. Equipment	95		73	
. Building	106		106	
		201		179
		4,006		4,434

**2 Tuition fees**

	2012 £'000	2011 £'000
UK Higher Education full time undergraduate students	1,843	1,804
UK Higher Education full time postgraduate students	100	20
UK Higher Education part time undergraduate students	182	169
UK Higher Education part time postgraduate students	24	30
Overseas (non-EC) domicile students	522	588
Non-credit bearing course fees	15	29
<b>Total fees paid by or on behalf of individual students</b>	<b>2,686</b>	<b>2,640</b>

**Notes to the accounts 31 July 2012**

**3 Other income**

	2012 £'000	2011 £'000
Rent receivable	45	45
Rental income	15	12
ERASMUS grants	56	56
Other grants income	32	34
Income from show productions	12	12
Income from Donations	12	184
Income from Summer School	38	11
Income from Young people theatre workshop	30	32
Income from International exchange programmes	25	—
Conference events income	25	13
Audition fee income	48	48
Profit on sale of fixed assets	4	11
Other miscellaneous income	47	37
	<b>389</b>	<b>495</b>

**4 Staff costs**

	2012 £'000	2011 £'000
Staff costs during the year were as follows:		
Wages and salaries	3,230	3,397
Social security costs	255	278
Other pension costs (includes FRS17 charge of £46,000 – (2011 £4,000))	441	428
	<b>3,926</b>	<b>4,103</b>

The average number of employees (including senior post-holders) expressed as full-time equivalents, analysed by function was:

	2012	2011
Tutorial	43	46
Administrative	35	37
Technical	2	5
Manual	4	4
	<b>84</b>	<b>92</b>

The above figures exclude visiting directors, designers and other specialist tutors who were paid £298,685 (2011 - £275,403).

**Notes to the accounts 31 July 2012**

**4 Staff costs (continued)**

The Governors received no remuneration in respect of their services as Governors; expenses incurred in performing their duties are reimbursed. Certain members of the College staff served as Governors and received remuneration (including benefits-in-kind and pension contributions) for teaching and management services amounting to £66,945 (2011 - £55,744).

The emoluments of the Principal and Chief Executive of the College (who was also the highest paid director) are made up as follows:

	2012 £	2011 £
Salary	115,500	110,000
Pension contributions	16,286	15,510
Benefits in kind	2,020	1,872
Total	<b>133,806</b>	<b>127,382</b>

**Notes to the accounts 31 July 2012**

**5 Other operating expenses**

	2012 £'000	2011 £'000
Fees payable	425	292
Payment to other institutions	61	168
Learning, teaching and research	79	96
Knowledge transfer project expenditures	—	59
Legal, consultancy and subscriptions fees	189	119
Validation fees	142	144
Rent and rates	117	105
ICT support and maintenance	173	185
Premises repairs and general maintenance	268	283
Catering expenses	42	46
Heat, light and power	147	110
Insurance	40	45
Printing, postage and stationery and telecommunication	111	107
Marketing and development	166	186
Materials and production costs	176	189
Books and periodicals	31	33
Rose Bruford College Students' Union (note 18)	9	8
Auditors' remuneration: External audit	17	17
Internal audit	11	15
Equipment operating lease rentals	28	25
Bursaries and outreach activities	170	231
ERASMUS grant expenditures	49	54
Bank charges	9	8
Sundry expenses	110	85
	<b>2,570</b>	<b>2,610</b>



**Notes to the accounts 31 July 2012**

**6 Analysis of 2011/2012 expenditure by activity**

	Staff costs £'000	Other operating expenses £'000	Depreciation £'000	Loan interests £'000	2012 Total £'000	2011 Total £'000
Academic departments	2,360	724	62	—	3,146	3,347
Academic services	129	63	—	—	192	178
Premises	131	606	212	—	949	922
Administration	1,306	818	130	33	2,287	2,383
Other expenses	—	359	—	—	359	332
	3,926	2,570	404	33	6,933	7,162

The depreciation charge has been funded by:

	2012 £'000	2011 £'000
Deferred capital grants released (note 12)	201	179
Revaluation reserve released (note 13)	10	10
General income	193	223
	404	412

**7 Tangible fixed assets**

	Freehold land £'000	Long leasehold land and buildings £'000	Rose Theatre fixtures and fittings £'000	Other assets including fixtures and fittings £	Total £'000
<b>Cost or valuation</b>					
At 1 August 2011	—	10,703	194	4,200	15,097
Additions	754	—	—	88	842
Disposal	—	—	—	(22)	(22)
At 31 July 2012	754	10,703	194	4,266	15,917
<b>Depreciation</b>					
At 1 August 2011	—	2,043	52	3,945	6,040
Charge for the year	—	204	4	196	404
Disposal	—	—	—	(22)	(22)
At 31 July 2012	—	2,247	56	4,119	6,422
<b>Net book value</b>					
At 31 July 2012	754	8,456	138	147	9,495
At 31 July 2011	—	8,660	142	255	9,057
<b>Financed by capital grants</b>					
Other	—	4,096	—	147	4,243
	754	4,360	138	—	5,252
	754	8,456	138	147	9,495

**Notes to the accounts 31 July 2012**

**7 Tangible fixed assets (continued)**

Land and buildings are included as follows:

	Long leasehold £'000
At valuation in October 1995	1,400
Subsequent additions at cost	9,303
	<b>10,703</b>

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

Valuations were prepared in October 1995 by an independent firm of Chartered Surveyors. As a specialised property unlikely to be sold to a single occupier on the open market for a continuation of its existing use, the basis of valuation is depreciated replacement cost, not open market value for the existing use.

The valuations had been made in accordance with the Statement of Asset Valuation Practice and Guidance Notes published by the Royal Institution of Chartered Surveyors.

Land and buildings with a net book value of £8,456,000 and a cost of £10,703,000 have been partly funded from Treasury sources. Should these particular properties be sold, the College would either have to surrender the grants received to the Treasury or use them in accordance with the Financial Memorandum with the Higher Education Funding Council for England. The total exchequer interest to 31 July 2012 is £2.304m (2011 – £2.664m). See note 12 for details of deferred grants held in respect of fixed assets.

On 8 November 1996 the College entered into a twenty year lease and lease back agreements with CVCP Properties plc whereby a market rent is payable and receivable in respect of the Rose Theatre building at Lamorbey Park, included in long leasehold land and buildings.

**8 Subsidiary**

The subsidiary is Rose Bruford (International) Limited, a wholly owned subsidiary company limited by guarantee and not having a share capital, registered in England. The subsidiary has a deficit on reserves of £2,648 and has remained dormant during the year.

**9 Debtors**

	2012 £'000	2011 £'000
Other debtors	237	422
Prepayments and accrued income	113	6
	<b>350</b>	<b>428</b>

**Notes to the accounts 31 July 2012**

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

	2012 £'000	2011 £'000
Secured bank loan	72	67
H M Revenue and Customs	76	89
Other trade creditors	253	234
Pension creditors	44	43
Sundry accruals and other deferred income	290	340
Advance fee income and deposits	298	233
	<b>1,033</b>	<b>1,006</b>

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

	2012 £'000	2011 £'000
Secured bank loan	434	508
Service level agreement with Bexley Council	—	15
	<b>434</b>	<b>523</b>

The bank loan is repayable as follows:

. Within one year	72	67
. Between one and two years	72	67
. Between two and five years	216	201
. In five years or more	146	240
	<b>506</b>	<b>575</b>

In December 2004, the Board agreed to fix the long term bank loan interest rate at 6.15% for the next 10 years. The loan is secured on the leasehold property of the College and there is a fixed and floating charge over all assets of the College in favour of the bank.

**12 Deferred capital grants**

	Buildings £'000	Equipment £'000	Total 2012 £'000	Total 2011 £'000
<b>Higher Education Funding Council for England</b>				
At 1 August 2011	4,202	483	4,685	4,705
Capital allocation	—	13	13	159
Released to income and expenditure account	(95)	(106)	(201)	(179)
At 31 July 2012	<b>4,107</b>	<b>390</b>	<b>4,497</b>	<b>4,685</b>

**Notes to the accounts** 31 July 2012

**13 Reserves**

	Revaluation Reserve £'000	Revenue Reserve £'000	Pension Reserve £'000	Donation Reserve £'000	Total 2012 £'000	Total 2011 £'000
At 1 August 2011	835	3,450	(1,046)	350	3,589	3,276
Surplus for the year	—	252	(46)	(56)	150	410
Actuarial (loss) gain in respect of pension scheme	—	—	(274)	—	(274)	(97)
Transfer from revaluation reserve to general reserve in respect of depreciation of revalued assets	(10)	10	—	—	—	—
At 31 July 2012	825	3,712	(1,366)	294	3,465	3,589

**14 Lease commitments**

**Operating leases**

The College has the following annual commitments under non-cancellable operating leases:

	2012		2011	
	Land and buildings £'000	Equipment £'000	Land and buildings £'000	Equipment £'000
Due within 2 – 5 years	—	24	—	24
Thereafter	54	—	54	—
	54	24	54	24

The commitment relating to land and buildings arises in respect of the lease and lease back agreements referred to in note 7.

**15 Capital commitments**

At 31 July 2012 there were no capital commitments.

**16 Pensions and similar obligations**

The College's employees belong to two principal pension schemes: the Teachers Pension Scheme (TPS) and the London Government Superannuation Scheme (LGSS). The LGSS operates a fund for the benefit of current and future employees of the London Borough of Bexley.

The total pension cost to the College in 2011/12 was £440,958 of which £253,455 relates to the TPS and £187,503 to the LGSS. The pension costs are assessed in accordance with the advice of independent qualified actuaries. The latest actuarial valuations of the schemes were as at 31 March 2004 (TPS) and 31 March 2007 (LGSS). Contributions amounting to £44,318 (2011 - £42,112) were payable to the scheme at 31 July and are included in creditors.

*16 Pensions and similar obligations (continued)*

*Teachers' Pension Scheme (TPS)*

The Teachers' Pension Scheme is an unfunded defined benefit scheme. Contributions on a 'pay-as-you-go' basis are credited to the exchequer under arrangements governed by the Superannuation Act 1972. A notional asset value is ascribed to the scheme for the purpose of determining contribution rates.

The pensions cost is assessed every five years in accordance with the advice of the government actuary. The assumptions and other data that have the most significant effect on the determination of the contribution levels are as follows:

Latest actuarial valuation	31 March 2004
Actuarial method	Prospective benefits
Investment returns per annum	6.5% per annum
Salary scale increases per annum	5.0% per annum
Market value of assets at date of last valuation	£162,650 million
Proportion of members' accrued benefits covered by the actuarial value of the assets	98.88%

Following the implementation of Teachers' Pensions (Employers' Supplementary Contributions) Regulations 2000 the government actuary carried out a further review on the level of employers' contributions. For the period from 1 August 2011 to 31 July 2012 the employer contribution was 14.1%. The employee rate was 6.4% for the same period.

**FRS17**

Under the definitions set out in Financial Reporting Standard 17 (Retirement Benefits), the TPS is a multi-employer pension scheme. The College is unable to identify its share of the underlying assets and liabilities of the scheme. Accordingly, the College has taken advantage of the exemption in FRS17 and has accounted for its contributions to the scheme as if it were a defined contribution scheme.

**London Government Superannuation Scheme (LGSS)**

The LGSS is a funded defined benefit scheme, with the assets held in separate trustee administered funds. The total contribution made for the year ended 31 July 2012 was £192,737 of which employer's contributions totalled £142,903 and employees' contributions totalled £51,234. The agreed contribution rates for 2012/13 are 12.6% for employers and between 5.8% and 7.2% for employees depending on pensionable pay. In addition to the agreed contribution rates, there will be fixed sums of employer's contributions payable of £44,600 in 2012/13, £46,600 2013/14.

16 Pensions and similar obligations (continued)

**FRS 17 (continued)**

The following information is based upon a full actuarial valuation of the Fund at 31 March 2007 updated to 31 July 2009 by a qualified independent actuary. The major assumptions used by the actuary were:

	2012 %	2011 %	2010 %	2009 %
Rate of CPI Inflation	2.1	3.4	3.2	3.7
Rate of increase in salaries	3.6	4.4	4.95	5.45
Rate of increase for pensions	2.1	2.9	2.7	3.7
Discount rate for scheme liabilities	4.3	5.3	5.5	6.3

The current mortality assumptions include sufficient allowance for future improvements in mortality rates. The assumed life expectations on retirement age 65 are:

	2012	2011
<i>Retiring today</i>		
Males	22.2	21.8
Females	24.8	24.4
<i>Retiring in 20 years</i>		
Males	24.1	23.2
Females	26.8	26.0

The College's estimated share of the assets in the scheme and the expected rates of return were:

	Long-term return expected at 31 July 2012 %	Value at 31 July 2012 £'000	Long-term return expected at 31 July 2011 %	Value at 31 July 2011 £'000	Long-term return expected at 31 July 2010 %	Value at 31 July 2010 £'000
Equities	7.0	1,768	7.0	1,964	7.5	1,900
Bonds - Government	2.5	—	3.9	171	4.2	150
Bonds - Other	3.4	324	4.9	171	5.1	309
Property	6.0	206	6.0	114	6.5	66
Cash/Liquidity	0.5	59	0.5	256	0.5	18
Other	7.0	589	7.0	171	7.5	135
<b>Total market value of assets</b>		<b>2,946</b>		<b>2,847</b>		<b>2,578</b>

16 Pensions and similar obligations (continued)

London Government Superannuation Scheme (LGSS) (continued)

	2012 £'000	2011 £'000	2010 £'000
College's estimated asset share	2,946	2,847	2,578
Present value of scheme's liabilities	(4,312)	(3,893)	(3,523)
Deficit in the scheme	(1,366)	(1,046)	(945)

Analysis of College's estimated asset share split between investment categories:

	2012 %	2011 %
Equities	60.0	69.0
Bonds - Government	—	6.0
Bonds - Other	11.0	6.0
Property	7.0	4.0
Cash/Liquidity	2.0	9.0
Other	20.0	6.0
	100.0	100.0

Analysis of the amount charged to income and expenditure account

	2012 £'000	2011 £'000
Employer service cost (net of employee contributions)	(141)	(147)
Total operating charge	(141)	(147)

Analysis of net return on pension scheme

	2012 £'000	2011 £'000
Expected return on pension scheme assets	162	175
Interest on pension liabilities	(207)	(199)
Net (cost) return	(45)	(24)

Amount recognised in the statement of total recognised gains and losses

	2012 £'000	2011 £'000
Actual return less expected return on pension scheme assets	(93)	(106)
Change in financial and demographic assumptions underlying the scheme liabilities	(181)	9
Actuarial (loss) gain recognised in statement of total recognised gains and losses	(274)	(97)

**Notes to the accounts 31 July 2012**

**16 Pensions and similar obligations (continued)**

**London Government Superannuation Scheme (LGSS) (continued)**

**Movement in deficit during year**

	2012 £'000	2011 £'000
Deficit in scheme at 1 August	(1,046)	(945)
. Current employer service charge	(141)	(147)
. Contributions	140	167
. Net interest/return on assets	(45)	(24)
Actuarial (loss) /gain	(274)	(97)
Deficit in scheme at 31 July	<u>(1,366)</u>	<u>(1,046)</u>

**Asset and liability reconciliation**

	2012 £'000	2011 £'000
<b>Reconciliation of Liabilities</b>		
Liabilities at 1 August 2011	3,893	3,523
Current service cost	141	147
Interest cost	207	199
Employee contributions	51	55
Actuarial (gains)/losses	181	(9)
Benefits/ transfers paid	(161)	(22)
<b>Liabilities at 31 July 2012</b>	<u>4,312</u>	<u>3,893</u>

**Reconciliation of assets**

<b>Assets at 1 August 2011</b>	2,847	2,578
Expected return on assets	162	175
Employee contributions	51	55
Employer contributions	140	167
Actuarial (losses)	(93)	(106)
Estimated benefits paid	(161)	(22)
<b>Assets at 31 July 2012</b>	<u>2,946</u>	<u>2,847</u>



16 Pensions and similar obligations (continued)

London Government Superannuation Scheme (LGSS) (continued)

History of experience gains and losses

	2012 £'000	2011 £'000	2010 £'000	2009 £'000
Difference between the expected and actual return on assets				
. Amount	(93)	(106)	207	(202)
. % of scheme assets	3.2%	3.7%	8.0%	10.1%
. Amount	(181)	9	(174)	259
. % of scheme liabilities	4.2%	0.2%	4.9%	8.3%
Total amount recognised in statement of total recognised gains and losses				
. Amount	274	97	33	57
. % of scheme liabilities	6.4%	2.5%	0.9%	1.8%

17 HEFCE Hardship funds and Opportunity bursary

The College received Hardship Funds and Opportunity bursary from the Higher Education Funding Council for England for allocation to its students in accordance with stipulated criteria and the College acts solely as the paying agent. These funds are held in the College current account, interest is credited to these funds. They are not included in Rose Bruford College's financial statements.

The movement for the year is as follows:

	2012 £'000	2011 £'000
At 1 August 2011	5	—
Grant received from HEFCE	18	20
Grants paid to students	(22)	(15)
At 31 July 2012	1	5

**18 Students' Union**

The Students' Union functions as an independent unincorporated club or society. Its financial transactions are not included within Rose Bruford College's financial statements.

The main source of income to the Students' Union is the grant contributed by the College of £9,455 (2011 - £8,475).

In accordance with the Education Act 1994, the Students' Union is required to publish donations and affiliations to external organisations. There were no donations to external organisations (2011 - £nil). The only affiliation was to the National Union of Students of £250 (2011 - £250).

**19 Related parties**

The College maintains a register of Governors' interests and requires Governors who have a financial interest in an item of business before the Board both to declare their interest and refrain from taking part in that item.