

COMPANY NUMBER 46188  
CHARITY NUMBER 223066

**THE MARY WARD SETTLEMENT**  
**(A COMPANY LIMITED BY GUARANTEE)**  
**FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 31 JULY 2010**

**THE MARY WARD SETTLEMENT**  
**GENERAL INFORMATION**

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**ADDRESS**

42 Queen Square  
London  
WC1N 3AQ

**SENIOR POST-HOLDERS**

Principal  
Vice-Principal - Curriculum and Quality  
Vice-Principal - Finance and Resources

Ceri Williams  
Suzanna Jackson  
Clive Hutton

**FINANCIAL STATEMENTS AUDITORS**

Buzzacott LLP  
12 New Fetter Lane  
London  
EC4A 1AG

**INTERNAL AUDITORS**

**RSM** Tenon  
Clifton House  
Bunnian Place  
Basingstoke  
Hampshire  
RG21 7JE

**BANKERS**

The Co-operative Bank plc  
62-64 Southampton Row  
Holborn  
London  
WC1B 4ND

**THE MARY WARD SETTLEMENT**  
**OPERATIONAL AND FINANCIAL REVIEW**  
**FOR THE YEAR ENDED 31 JULY 2010**

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## **THE MARY WARD SETTLEMENT**

The Mary Ward Centre is the trading name of the Mary Ward Settlement, a registered charity (number 223066) and company limited by guarantee (number 46188), first registered in December 1895.

## **MISSION**

The Centre's mission is to develop and provide excellent, innovative and wide ranging adult education and community services. In this it is guided by:

- the educational needs and aspirations of its students;
- its belief in the power of education for the fulfilling of personal and community potential;
- its responsiveness to the demands of the contemporary world;
- the vision and values of its founders whose aim in 1897 was "to advance public education and social service";
- the priorities of its funding sources; and
- its commitment to being the friendly place to learn.

## **OBJECTIVES**

The Centre's continuing strategic objectives are:

- to maintain the Centre's position as a distinct and quality provider of adult and continuing education which meets, and where possible exceeds, students' needs and aspirations through a balance of accredited and non-accredited learning which also reflect local and regional and national priorities;
- to demonstrate excellence and quality by striving to exceed students' and other stakeholders' expectations;
- to maintain an organisational culture which realises the Centre's Wheel of Values;
- to ensure, within the constraints of a listed Georgian building, that the premises are appropriate to the students' needs, maintained to the highest standard and consistent with a safe, healthy and attractive environment in which to learn and work;
- to attain category A financial status with an appropriate level of reserves to meet future planned expenditure and contingencies;
- to develop and implement appropriate use of ICT for the benefit of teaching and learning and in support of effective management;
- to put equality of opportunity at the heart of the Centre's practice and policies;
- to strive to improve advice, guidance and support so that students are able to identify and fulfil their aspirations;
- to develop partnerships and alliances with other organisations that will improve and extend the opportunities available to learners and staff; and
- to develop and maintain governance systems in line with best practice in the education and charity sectors.

The Centre's development action plan, arising from its annual self-assessment report, provided focus for targeted actions that assisted in making progress towards meeting these objectives.

The Centre's specific achievements for 2009/10 are addressed below:

- the Centre maintained its high reputation with its users, funders and the community of adult education;
- overall retention rates continued to exceed the sector benchmark;
- success rates in accredited courses continued to exceed the sector benchmark;
- a curriculum review was undertaken which has resulted in radical changes to the curriculum offer for 2010/11;
- the bursary fund continued to help to mitigate full fee increases to lower income students who do not qualify for concessionary status;
- the Centre was successfully re-accredited for Investors in People and the Matrix quality standard for information advice and guidance;
- there was continued development of further functions of the Centre's MIS system;
- a sustainability action plan was introduced;
- the percentage of qualifications on the Quality Curriculum Framework was increased;

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**OBJECTIVES (CONTINUED)**

- the development continued of employer engagement and effective working with local partnerships;
- the provision of outstanding support for students with a wide range of needs was continued;
- successful curriculum collaboration with other London adult colleges was maintained; and
- the full implementation of repairs, refurbishment and redecoration to its premises under the planned maintenance programme.

**STUDENT NUMBERS**

The Centre is funded according to the levels of activity that it generates. In 2009/10, the Centre achieved 691 (target 612) student learner numbers (SLNs) with a funding value of £2,512,000 (target £2,124,000). Student retention was 92% for 2009/10 compared with 91% for 2008/09.

**STUDENT ACHIEVEMENTS**

In 2009/10 there were 1,050 examination entries of which 955 (91%) achieved to date although some results are still outstanding. This compares with 897 entries in 2008/09 with 818 achieving (91%). Student achievement in non-accredited courses is assessed annually and reported to governors, using the RARPA strategy.

**CURRICULUM DEVELOPMENTS**

Curriculum planning at the Centre combines a needs analysis of local communities with a broader perspective of its contribution to adult education across London. The Centre has been effective in reviewing and realigning its curriculum to meet changing priorities and funding constraints, whilst retaining the distinctive characteristics of the curriculum and patterns of learning at the Centre. During 2009/10 the Centre undertook a major curriculum review the results of which informed the curriculum for 2010/11. A full report on this review is available.

The Centre continued to develop its partnership provision; initiatives during 2009/10 included a significant contribution to the delivery of Camden's Transformation Fund Project 'The Camden Market Place'. This project included working with museums, local community organisations and delivery in a pop up shop in Leather Lane. Four teacher training courses for Metropolitan Police Service have led to the Centre winning a contract to deliver up to 150 course places per year for the next three years. Further development of work with the voluntary sector and the third module in operational management was added to the portfolio. This has led to 14 students achieving a full level 2 diploma in management in the voluntary sector. The Centre continues to deliver entry level ESOL courses and a summer citizenship programme called Know your London funded by Camden Council. Funding for these courses has been extended into next academic year.

The 2009/10 prospectus included a new digital media section which gave greater prominence to this area of work and has led to significant enrolments. The course offer in this area has been extended in response to the Curriculum Review. Film studies and screen writing courses were added to the humanities offer.

**TRANSPARENCY ARRANGEMENTS**

The Board conducts its business through a number of committees. Each committee has terms of reference, which have been approved by the full Board.

Full minutes of all meetings are available from the Clerk to the Board at the Centre's address on the General Information page 1.

The Clerk to the Board maintains a register of financial and personal interests of the governors and staff with significant financial responsibilities. The register is available for inspection at the Centre's address.

**FINANCIAL RESULTS**

The Centre generated an operating deficit in the year of £51,000 (2008/09: deficit of £200,000) and has accumulated reserves of £2,874,000 and cash balances of £1,311,000. £1,115,000 of reserves have been designated to provide for the cost of implementing future phases of the Centre's accommodation strategy. The 2009/10 financial statements and associated notes are set out on pages 15 to 28.

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### **TREASURY MANAGEMENT**

Treasury management is the management of the Centre's cash flows, its banking, money market and capital market transactions, the effective control of the risks associated with those activities and the pursuit of optimum performance consistent with those risks. The Centre has a separate treasury management policy in place. The Centre has no borrowings.

### **PRINCIPAL RISKS AND UNCERTAINTIES**

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

Based on the strategic plan, the Risk Management Group undertakes a comprehensive review of the risks to which the Centre is exposed. They identify systems and procedures, including specific preventable actions which should mitigate any potential impact on the Centre.

The internal controls are then implemented and the subsequent year's appraisal will review their effectiveness and progress against risk mitigation actions. In addition to the annual review, the Risk Management Group will also consider any risks which may arise as a result of a new area of work being undertaken by the Centre.

A risk register is maintained at the Centre level which is reviewed at least annually by the Audit Committee and more frequently where necessary. The risk register identifies the key risks, the likelihood of those risks occurring, their potential impact on the Centre and the actions being taken to reduce and mitigate the risks. Risks are prioritised using a consistent scoring system. Outlined below is a description of the principal risk factors that may affect the Centre. Not all the factors are within the Centre's control. Other factors besides those listed below may also adversely affect the Centre.

#### **Government funding**

In 2009/10, 70% of the Centre's income was reliant on the LSC and its successor body from April 2010, the Skills Funding Agency (SFA). However, there can be no assurance that government policy or practice will remain the same or that public funding will continue at the same levels or on the same terms.

This risk is mitigated in a number of ways:

- by working towards diversifying our income, wherever possible, by developing new funding streams thereby lessening the Centre's reliance on the SFA;
- by ensuring the Centre is rigorous in delivering high quality education and training;
- by placing considerable focus and investment on maintaining and managing key relationships with the funding body, national agencies, the other SDIs, government departments, ministers and shadow ministers;
- by ensuring the Centre is focused, where appropriate, on those priority sectors which will continue to benefit from public funding; and
- by engaging in regular dialogue with the local SFA.

#### **Tuition fee policy**

The LSC and its successor body the SFA have raised students' contributions to the cost of education with the fee assumption increasing to 47.5% in 2009/10 and 50% in 2010/11. In line with the majority of other colleges, the Centre will increase tuition fees in accordance with the rising fee assumptions. The price elasticity of adult learning is not yet fully understood. The risk for the Centre is that demand falls off as fees are increased and this will impact on the growth strategy of the Centre. This risk is mitigated in a number of ways:

- by ensuring the Centre is rigorous in delivering high quality education and training, thus ensuring value for money for students; and
- close monitoring of the demand for courses as prices change.

#### **Maintain adequate funding of pension liabilities**

The financial statements report the share of the pension scheme deficit on the Centre's balance sheet in line with the requirements of FRS 17.

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### **STAKEHOLDER RELATIONSHIPS**

In line with other colleges, the Centre has many stakeholders. These include:

- students;
- funding councils;
- staff;
- local employers (with specific links);
- local authorities;
- government offices/regional development agencies;
- the local community;
- other colleges; and
- trade unions and professional bodies.

The Centre recognises the importance of these relationships and engages in regular communication with them through the Centre Internet site and by meetings.

### **PAYMENT PERFORMANCE**

The Late Payment of Commercial Debts (Interest) Act 1998, which came into force on 1 November 1998, requires colleges, in the absence of agreement to the contrary, to make payments to suppliers within 30 days of either the provision of goods or services or the date on which the invoice was received. The target set by the Treasury for payment to suppliers within 30 days is 95 per cent. During the accounting period 1 August 2009 to 31 July 2010, the Centre paid 97.5 per cent of its invoices within 30 days. The Centre incurred no interest charges in respect of late payment for this period.

### **POST-BALANCE SHEET EVENTS**

There have been no significant post-balance sheet events.

### **FUTURE DEVELOPMENTS**

The Centre has the following aims for the future:

- to continue to be a distinct and quality provider of adult and continuing education and to increase student numbers over the next 3 years;
- to reach out to new groups - "equalisation";
- to maintain category A financial status with the Skills Funding Agency;
- to continue to implement the Centre's accommodation strategy in order to provide premises appropriate to the needs of staff and students; and
- to raise the Centre's profile.

### **STAFF AND STUDENT INVOLVEMENT**

The Centre considers good communication with its staff to be very important and the quality of the Centre's arrangements were viewed positively by the Investors in People assessor at the time of last reassessment. The Centre's staff intranet together with a network of staff meetings at section and departmental level assist in maintaining a flow of communication. Regular newsletters are published which are distributed to all staff and a staff association meets regularly. The Centre encourages staff and student involvement through membership of formal committees.

### **EQUAL OPPORTUNITIES AND EMPLOYMENT OF DISABLED PERSONS**

The Centre is committed to ensuring equality of opportunity for all who learn and work here. It respects and values positively differences in race, gender, sexual orientation, ability, class and age. It strives vigorously to remove conditions which place people at a disadvantage and it will actively combat bigotry. This policy will be resourced, implemented and monitored on a planned basis.

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

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**DISABILITY STATEMENT**

The Centre seeks to achieve the objectives set down in the Disability Discrimination Act 1995 as amended by the Special Educational Needs and Disability Acts 2001 and 2005. Specific actions taken during 2008/09 include:

- the supply of specialist equipment for use by students with disabilities;
- the continuing investment in resources to support students with learning difficulties and/or disabilities; and
- the continuing programme of staff development to ensure the provision of a high level of appropriate support for students who have learning difficulties and/or disabilities.

In 2009/10 there was a small decrease of 1% (to 13%) in the percentage of the student body who declared a disability or learning difficulty. However this remains high in comparison with the other London SDIs, who all report around 9%.

**PLANNED MAINTENANCE PROGRAMME**

The cost of the Centre's planned maintenance programme over a period of ten years is estimated to be £600,000 resulting in an average annual charge of £60,000. The programme is reviewed each year.

**DISCLOSURE OF INFORMATION TO AUDITORS**

The members of the Board 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 Centre's auditors are unaware; and each member has taken all the steps that he or she ought to have taken to be aware of any relevant audit information and to establish that the Centre's auditors are aware of that information.

This report was approved by the Board on 15 December 2010 and signed on their behalf by

Chair  
Diana Good

**THE MARY WARD SETTLEMENT**  
**CORPORATE GOVERNANCE STATEMENT INCORPORATING STATEMENT OF INTERNAL CONTROL**  
**FOR THE YEAR ENDED 31 JULY 2010**

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## **CORPORATE GOVERNANCE**

The Centre is committed to exhibiting best practice in all aspects of corporate governance. This summary describes the manner in which the Centre has applied the principles set out in the revised *Combined Code on Corporate Governance* issued by the London Stock Exchange in July 2006. Its purpose is to help the reader of the accounts understand how the principles have been applied.

In the opinion of the Board, the Centre complies with all the provisions of the Combined Code in so far as they apply to the Further Education Sector, and it has complied throughout the year ended 31 July 2010.

### **THE BOARD**

The composition of the Board is set out on page 11. It is the Board's responsibility to bring independent judgement to bear on issues of strategy, performance, resources and standards of conduct. The Board is provided with regular and timely information on the overall financial performance of the Centre together with other information such as performance against funding targets, proposed capital expenditure, quality matters and personnel related matters such as health and safety and environmental issues.

The Board conducts some of its business through a number of committees. Each committee has terms of reference which have been approved by the Board. These committees are:

- the quality, equality and curriculum committee;
- the nominations committee;
- the remuneration committee;
- the audit committee.

The Board meets at least five times each year and the quality, equality and curriculum committee, nominations, remuneration and audit committees are convened as necessary.

All members of the Board are able to take independent professional advice in furtherance of their duties at the Centre's expense and have access to the Clerk to the Board, who is responsible to the Board for ensuring that all applicable procedures and regulations are complied with. The appointment and removal of the Clerk are matters for the Board as a whole. Formal agendas, papers and reports are supplied to members in a timely manner, prior to Board meetings. Briefings are also provided on an ad-hoc basis.

The Board has a strong and independent non-executive element and no individual or group dominates its decision-making process. The Board considers that each of its non-executive members is independent of management and free from any business or other relationship which could materially interfere with the exercise of their independent judgement. There is a clear division of responsibility in that the roles of the Chair and Principal are separate. The Board is responsible for ensuring that appropriate training is provided as required.

With the exception of ex-officio appointments, members of the Board shall hold office for a period of three years. Nominated members may be re-appointed for a second term of three years on recommendation of the Nominations Committee. Third and further terms of three years may exceptionally be approved by the Board on recommendation of the Nominations Committee if it is considered that this would produce a better balance of knowledge, skills, commitment and experience amongst the members.

Student and staff members of the Board are appointed for a term of office not exceeding three years but are eligible to stand for re-election at the end of their term. Student and staff members are not eligible to serve as members if they cease to be a student or member of staff of the Mary Ward Centre.

Full minutes of all meetings except those deemed to be confidential are available from the Clerk at the address on page 1. The Clerk maintains a register of financial and personal interests of the members of the Board. The register is available from the Clerk at the address on page 1.

### **QUALITY, EQUALITY AND CURRICULUM COMMITTEE**

The quality, equality and curriculum committee comprises twelve members. It is responsible for ensuring that the Centre provides the highest possible quality of education and an appropriate curriculum for its students and supports opportunities to learn irrespective of age, race, sexuality, religion, disability or any other attribute.

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**CORPORATE GOVERNANCE STATEMENT INCORPORATING STATEMENT OF INTERNAL CONTROL**  
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**CORPORATE GOVERNANCE (CONTINUED)**

**THE NOMINATIONS COMMITTEE**

The nominations committee comprises five members. The committee is responsible for advising the Board on the composition, balance and appointment of the Board and its committees. It also ensures that members undergo a regular skills audit and that an annual assessment of training needs takes place.

**REMUNERATION COMMITTEE**

The membership of the remuneration committee is entirely ex-officio and comprises five members made up of the Chair, the two Vice-Chairs, the Treasurer and the Chair of the Audit Committee. The committee's responsibilities are to make recommendations to the Board on the remuneration and benefits of the Principal and other senior post-holders.

Details of remuneration for the year ended 31 July 2010 are set out in note 6 to the financial statements.

**AUDIT COMMITTEE**

The audit committee comprises six members. No member of staff (including the Principal) is permitted to serve on the audit committee. The committee operates in accordance with written terms of reference approved by the Board.

The audit committee provides a forum for reporting by the Centre's internal and financial statements auditors, who have access to the Committee for independent discussion, without the presence of Centre management. The committee also receives and considers reports from the main FE funding bodies as they affect the Centre's business.

The Centre's internal auditors monitor the systems of internal control, risk management controls and governance process in accordance with an agreed plan of input and report their findings to management and the audit committee. Management are responsible for the implementation of agreed recommendations and internal audit undertake periodic follow up reviews to ensure such recommendations have been implemented.

The audit committee also advises the Board on the appointment of internal and financial statements auditors and their remuneration for both audit and non-audit work.

**INTERNAL CONTROL**

**SCOPE OF RESPONSIBILITY**

The Board is ultimately responsible for the Centre's system of internal control and for reviewing its effectiveness. However, such a system is designed to manage rather than eliminate the risk of failure to achieve business objectives, and can provide only reasonable and not absolute assurance against material misstatement or loss.

The Board has delegated the day to day responsibility to the Principal, as Accounting Officer, for maintaining a sound system of internal control that supports the achievement of the Centre's policies, aims and objectives, whilst safeguarding the public funds and assets for which she is personally responsible, in accordance with the responsibilities assigned to her in the Financial Memorandum between the Centre and the Learning and Skills Council and its successor organisations. She is also responsible for reporting to the Board any material weaknesses or breakdowns in internal control.

**THE PURPOSE OF THE SYSTEM OF INTERNAL CONTROL**

The system of internal control is designed to manage risk to a reasonable level rather than to eliminate all risk of failure to achieve policies, aims and objectives; it can therefore only provide reasonable and not absolute assurance of effectiveness. The system of internal control is based on an ongoing process designed to identify and prioritise the risks to the achievement of Centre policies, aims and objectives, to evaluate the likelihood of those risks being realised and the impact should they be realised, and to manage them efficiently, effectively and economically.

The system of internal control has been in place at the Mary Ward Centre for the year ended 31 July 2010 and up to the date of the annual report and accounts.

**THE MARY WARD SETTLEMENT**  
**CORPORATE GOVERNANCE STATEMENT INCORPORATING STATEMENT OF INTERNAL CONTROL**  
**FOR THE YEAR ENDED 31 JULY 2010**

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**INTERNAL CONTROL (CONTINUED)**

**CAPACITY TO HANDLE RISK**

The Board has reviewed the key risks to which the Centre is exposed, together with the operating, financial and compliance controls that have been implemented to mitigate those risks.

The Board is of the view that there is a formal ongoing process for identifying, evaluating and managing the Centre's significant risks that has been in place for the period ending 31 July 2010 and up to the date of approval of the annual report and accounts. This process is regularly reviewed by the Board.

**THE RISK AND CONTROL FRAMEWORK**

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

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

The Mary Ward Centre has an internal audit service, which operates in accordance with the requirements of the Learning and Skills Council's Audit Code of Practice. The work of the internal audit service is informed by an analysis of the risks to which the Centre is exposed, and annual internal audit plans are based on this analysis.

The analysis of risks and the internal audit plans are endorsed by the Centre's governing body on the recommendation of the audit committee. At least annually, the internal audit service provides the governing body with a report on internal audit activity in the Centre. The report includes the internal audit service's independent opinion on the adequacy and effectiveness of the Centre's system of risk management, controls and governance processes.

**REVIEW OF EFFECTIVENESS**

As Accounting Officer, the Principal has responsibility for reviewing the effectiveness of the system of internal control. The Principal's review of the effectiveness of the system of internal financial control is informed by:

- the work of the internal auditors;
- the work of the executive managers within the Centre who have responsibility for the development and maintenance of the internal control framework; and
- comments made by the Centre's financial statements auditors and the regularity auditors in their management letters and other reports.

The Principal has been advised on the implications of the result of her review of the effectiveness of the system of internal control by the audit committee which oversees the work of the internal auditor, and a plan to address weaknesses and ensure continuous improvement of the system is in place.

The senior management team receives reports setting out key performance and risk indicators and considers possible control issues brought to their attention by early warning mechanisms, which are embedded within the departments and reinforced by risk awareness training. The emphasis is on obtaining the relevant degree of assurance and not merely reporting by exception.

At its December 2010 meeting the Board carried out the annual assessment for the year ended 31 July 2010 by considering documentation from the senior management team and internal audit, and taking account of events since 31 July 2010.

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**CORPORATE GOVERNANCE STATEMENT INCORPORATING STATEMENT OF INTERNAL CONTROL**  
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**GOING CONCERN**

After making appropriate enquiries, the Board considers that the Centre has adequate resources to continue in operational existence for the foreseeable future. For this reason they continue to adopt the going concern basis in preparing the financial statements.

Approved by order of the members of the Board on 15 December 2010 and signed on its behalf by:

Diana Good  
Chair

Ceri Williams  
Principal

**THE MARY WARD SETTLEMENT**  
**MEMBERSHIP OF THE BOARD**  
**FOR THE YEAR ENDED 31 JULY 2010**

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**BOARD**

The Board of the Mary Ward Settlement who served during the year, were as stated below:

**Nominations:**

D Good (Chair) R  
C Millington (Vice-Chair) Q, R  
R Mills (Vice-Chair) N, R  
P del Tufo (Treasurer) A, R  
J Barber A, R  
K Blake N  
P Dodgson-Katiyo Q  
A Frost  
M Graubart N, Q  
C Kings N  
M Shah (appointed 14 December 2009)

**Elected by Student Members:**

E Carvalho Q  
C Noble

**Elected by Staff Members:**

J Chamberlain (resigned 3 March 2010)  
P Jencks Q  
R McIntosh (appointed 21 April 2010)

**EXTERNAL MEMBERS OF COMMITTEES**

C Hopkins A  
P O'Halloran A  
P Hulin Q  
D O'Leary Q  
D Okoh Q  
M Page (Staff) Q  
R Singh N  
M Verman Q  
P Vlachos A

**KEY TO MEMBERSHIP OF COMMITTEES:**

A = Audit

N = Nominations

Q = Quality, Equality and Curriculum

R = Remuneration

**CLERK**

The clerk to the Board is S-J Stagg.

**THE MARY WARD SETTLEMENT**  
**STATEMENT OF RESPONSIBILITIES OF THE BOARD**  
**FOR THE YEAR ENDED 31 JULY 2010**

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The members of the Board are required to present audited financial statements for each financial year.

Within the terms and conditions of the Financial Memorandum agreed between the Skills Funding Agency, the Board, through its principal, is required to prepare financial statements for each financial year in accordance with the 2007 Statement of Recommended Practice - Accounting for Further and Higher Education Institutions and with the Accounts Direction issued jointly by the Skills Funding Agency and the Young People's Learning Agency, and which give a true and fair view of the state of affairs of the Mary Ward Centre (the Centre) and the result for that year.

In preparing the financial statements the Board is required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and estimates that are reasonable and prudent;
- state whether applicable accounting standards have been followed, subject to any material departures disclosed and explained in the financial statements;
- prepare financial statements on the going concern basis unless it is inappropriate to assume that the Centre will continue in operation.

The Board is also required to prepare a Members Report which describes what it is trying to do and how it is going about it, including the legal and administrative status of the Centre.

The Board is responsible for keeping proper accounting records which disclose with reasonable accuracy at any time the financial position of the Centre and to enable it to ensure that the financial statements are prepared in accordance with the relevant legislation and other relevant accounting standards. It is responsible for taking steps that are reasonably open to it to safeguard assets of the Centre and to prevent and detect fraud and other irregularities.

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

The Board is responsible for ensuring that expenditure and income are applied for the purposes intended by Parliament and that the financial transactions conform to the authorities that govern them. In addition they are responsible for ensuring that funds from the from the LSC and the Skills Funding Agency are used only in accordance with the Financial Memorandum with the LSC and the Skills Funding Agency and any other conditions that may be prescribed from time to time..

The Board must ensure that there are appropriate financial and management controls in place sufficient to safeguard public and other funds and ensure that they are used properly. In addition, the Board is responsible for securing economical, efficient and effective management of the Centre's resources and expenditure, so that the benefits that should be derived from the application of public funds from the LSC and the Skills Funding Agency are not put at risk.

Signed on behalf of the Board on 15 December 2010.

Chair  
Diana Good

## AUDITORS' REPORT TO THE BOARD OF THE MARY WARD SETTLEMENT

We have audited the financial statements for the year ended 31 July 2010, which comprise the income and expenditure account, the balance sheet, the cash flow statement, the statement of total recognised gains and losses and the related notes. These financial statements have been prepared under the historical cost convention and the accounting policies set out therein.

This report is made solely to the Board, as a body, in accordance with statutory requirements. Our audit work has been undertaken so that we might state to the Board those matters we are required to state to them in an auditors' report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company and the Board as a body, for our audit work, for this report or for the opinions we have formed.

### **Respective Responsibilities of the Members of the Board of the Mary Ward Settlement and Auditors**

The Board is responsible for preparing the Board's Report and, as described in the Statement of Responsibilities on page 12, the financial statements in accordance with the 2009/10 Accounts Direction, the 2007 Statement of Recommended Practice - Accounting for Further and Higher Education, applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

Our responsibility is to audit the financial statements in accordance with relevant legal and regulatory requirements and International Standards on Auditing (UK and Ireland).

We report to you our opinion as to whether the financial statements give a true and fair view and are properly prepared in accordance with the 2007 Statement of Recommended Practice - Accounting for Further and Higher Education. We also report to you if, in our opinion, the Board's Report is not consistent with the financial statements, if the Settlement has not kept proper accounting records, or if we have not received all the information and explanations we require for our audit.

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

### **Basis of Audit Opinion**

We conducted our audit in accordance with International Standards on Auditing (UK and Ireland) issued by the Auditing Practices Board and the Audit Code of Practice issued by the Learning and Skills Council. An audit includes examination, on a test basis, of evidence relevant to amounts and disclosures in the financial statements. It also includes an assessment of the significant estimates and judgements made by the Settlement in the preparation of the financial statements, and of whether the accounting policies are appropriate to the Settlement's circumstances, consistently applied and adequately disclosed.

We planned and performed our audit so as to obtain all the information and explanations which we considered necessary in order to provide us with sufficient evidence to give us reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or other irregularity or error. In forming our opinion we also evaluated the overall adequacy of the presentation of information in the financial statements.

### **Opinion**

In our opinion the financial statements give a true and fair view, in accordance with United Kingdom Generally Accepted Accounting Practice, of the state of affairs of the Settlement as at 31 July 2010 and of the Settlement's deficit of expenditure over income for the year then ended, and are properly prepared in accordance with the 2009/10 Accounts Direction issued jointly by the Skills Funding Agency and the Young People's Learning Agency and the 2007 Statement of Recommended Practice - Accounting for Further and Higher Education.

**Buzzacott LLP**  
Chartered Accountants  
and Registered Auditors

12 New Fetter Lane  
London  
EC4A 1AG

## **INDEPENDENT AUDITORS' REPORT ON REGULARITY TO THE BOARD OF THE MARY WARD SETTLEMENT ('THE SETTLEMENT') AND THE SKILLS FUNDING AGENCY ('THE SFA')**

In accordance with the terms of our engagement letter dated 2 April 2008 and further to the requirements of the Skills Funding Agency (SFA), we have carried out a review to obtain assurance about whether, in all material respects, the expenditure and income of the Mary Ward Settlement ('the Settlement') for the year ended 31 July 2010 have been applied to the purposes identified by Parliament and the financial transactions conform to the authorities which govern them.

This report is made solely to the Board and the Skills Funding Agency. Our review work has been undertaken so that we might state to the Board and the Skills Funding Agency those matters we are required to state to them in a report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Board and the Skills Funding Agency, for our review work, for this report, or for the opinion we have formed.

### **Respective responsibilities of the Members of the Board of Mary Ward Settlement and Auditors**

The Settlement's Board is responsible, under the requirements of the Further & Higher Education Act 1992, subsequent legislation and related regulations, for ensuring that expenditure and income are applied for the purposes intended by Parliament and the financial transactions conform to the authorities which govern them.

Our responsibilities for this review are established in the United Kingdom by our profession's ethical guidance and the audit guidance set out in the Audit Code of Practice and the Regularity Audit Framework issued by the Skills Funding Agency. We report to you whether, in our opinion, in all material respects, the Settlement's expenditure and income for the year ended 31 July 2010 have been applied to purposes intended by Parliament and the financial transactions conform to the authorities which govern them.

### **Basis of opinion**

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

### **Opinion**

In our opinion, in all material respects the expenditure and income for the year ended 31 July 2010 have been applied to purposes intended by Parliament and the financial transactions conform to the authorities which govern them.

**THE MARY WARD SETTLEMENT**  
**INCOME AND EXPENDITURE ACCOUNT**  
**FOR THE YEAR ENDED 31 JULY 2010**

	Notes	2010 £	2009 £
<b>INCOME</b>			
Funding council income	2	2,172,382	2,189,767
Other grants		98,090	48,951
Education contracts	3	11,264	7,179
Tuition fees and charges	4	819,467	771,575
Interest receivable		7,407	54,508
Rent receivable		9,460	6,750
Donations		2,732	6,472
<b>TOTAL INCOME</b>		<b>3,120,802</b>	<b>3,085,202</b>
<b>EXPENDITURE</b>			
Staff costs	5	2,347,108	2,395,589
Other operating expenses	7	611,633	666,784
Amortisation and depreciation	9	159,515	155,760
Interest and other finance costs	8	40,000	26,000
Grants		13,148	40,660
<b>TOTAL EXPENDITURE</b>		<b>3,171,404</b>	<b>3,284,793</b>
<b>DEFICIT FOR THE YEAR RETAINED WITHIN GENERAL RESERVES</b>		<b>(50,602)</b>	<b>(199,591)</b>

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

**THE MARY WARD SETTLEMENT**  
**STATEMENT OF TOTAL RECOGNISED GAINS AND LOSSES**  
**FOR THE YEAR ENDED 31 JULY 2010**

	Notes	2010 £	2009 £
Deficit on continuing operations		(50,602)	(199,591)
Actuarial loss in respect of pension scheme	14	(63,000)	(309,000)
Past service gain in respect of pension scheme		79,000	-
Unrealised gain/(loss) on investments		194,586	(120,747)
<b>Total recognised gains/(losses) relating to the period</b>		<b>159,984</b>	<b>(629,338)</b>
<b>Reconciliation</b>			
Opening reserves		2,714,083	3,343,421
Total recognised gains/(losses) for the year		159,984	(629,338)
<b>Closing reserves</b>		<b>2,874,067</b>	<b>2,714,083</b>

In its June 2010 budget, the Government announced that it intended for future increases in public sector pension schemes to be linked to changes in the Consumer Prices Index (CPI) rather than, as previously, the Retail Price Index (RPI). The College has considered the LGPS scheme rules and associated members' literature and has concluded that as a result, a revised actuarial assumption about the level of inflation indexation should be made, with the resulting gain recognised through the Statement of Total Recognised Gains and Losses ('STRGL'). At the date of these financial statements, the Urgent Issues Task Force (UITF) is in the process of consulting widely on the accounting treatment for this change and is expected to issue a final Abstract towards the end of 2010. Should the Abstract call for a different accounting treatment it may be necessary to reflect any change as a prior period adjustment in the financial statements for the following year.

The notes on pages 19 to 28 form part of these financial statements.

**THE MARY WARD SETTLEMENT**  
**BALANCE SHEET**  
**AS AT 31 JULY 2010**

	Notes	2010 £	2009 £
<b>FIXED ASSETS</b>			
Tangible assets	9	1,439,463	1,476,828
Investments		1,465,441	1,270,859
Long term loan to group undertaking		123,757	123,757
		<u>3,028,661</u>	<u>2,871,444</u>
<b>CURRENT ASSETS</b>			
Debtors	10	46,394	135,984
Cash at bank and in hand		1,310,984	1,325,014
		<u>1,357,378</u>	<u>1,460,998</u>
<b>CREDITORS:</b> amounts falling due within one year	11	(294,528)	(411,128)
		<u>1,062,850</u>	<u>1,049,870</u>
<b>NET CURRENT ASSETS</b>			
		<u>4,091,511</u>	<u>3,921,314</u>
<b>NET ASSETS EXCLUDING PENSION LIABILITY</b>			
Net pension liability		(836,000)	(794,000)
<b>NET ASSETS INCLUDING PENSION LIABILITY</b>		<u>3,255,511</u>	<u>3,127,314</u>
<b>DEFERRED CAPITAL GRANTS</b>			
	12	381,444	413,231
<b>RESERVES</b>			
Income and expenditure account excluding pension reserve		2,591,527	2,389,543
Pension reserve		(836,000)	(794,000)
		<u>1,755,527</u>	<u>1,595,543</u>
Income and expenditure account including pension reserve		1,115,000	1,115,000
Designated reserve	13		
		<u>2,870,527</u>	<u>2,710,543</u>
<b>TOTAL UNRESTRICTED RESERVES</b>			
		3,540	3,540
<b>RESTRICTED RESERVES</b>			
		<u>2,874,067</u>	<u>2,714,083</u>
<b>TOTAL RESERVES</b>			
		<u>3,255,511</u>	<u>3,127,314</u>

The financial statements on pages 15 to 28 were approved by the Board on 15 December 2010 and signed on its behalf by:

Chair  
Diana Good

Principal  
Ceri Williams

The notes on pages 19 to 28 form part of these financial statements.

**THE MARY WARD SETTLEMENT**  
**CASH FLOW STATEMENT**  
**FOR THE YEAR ENDED 31 JULY 2010**

	Notes	2010 £	2009 £
<b>CASH INFLOW/(OUTFLOW) FROM OPERATING ACTIVITIES</b>		<u>100,713</u>	<u>(71,337)</u>
<b>CAPITAL EXPENDITURE AND FINANCIAL INVESTMENT</b>			
Payments to acquire tangible fixed assets	9	(122,150)	(390,061)
<b>CASH OUTFLOW FROM CAPITAL EXPENDITURE AND FINANCIAL INVESTMENT</b>		<u>(122,150)</u>	<u>(390,061)</u>
<b>RETURNS ON INVESTMENT</b>			
Interest received		7,407	54,508
<b>CASH INFLOW FROM RETURNS ON INVESTMENT</b>		<u>7,407</u>	<u>54,508</u>
<b>DECREASE IN CASH IN THE YEAR</b>		<b>(14,030)</b>	<b>(406,890)</b>
CASH AT 1 AUGUST 2009		1,325,014	1,731,904
<b>CASH AT 31 JULY 2010</b>		<u><b>1,310,984</b></u>	<u><b>1,325,014</b></u>
 <b>RECONCILIATION OF OPERATING SURPLUS TO CASH INFLOW FROM OPERATING ACTIVITIES</b>			
Deficit on continuing operations after depreciation		(50,602)	(199,591)
Amortisation and depreciation	9	159,515	155,760
Capital grants released to income	12	(31,787)	(31,787)
Pension cost less contributions payable	14 & 17	18,000	7,000
Decrease in debtors		89,590	45,890
Decrease in creditors		(116,600)	(20,101)
Interest receivable		(7,407)	(54,508)
Interest payable	8	40,000	26,000
Disposal of interest in subsidiary companies		4	-
<b>CASH INFLOW/(OUTFLOW) FROM OPERATING ACTIVITIES</b>		<u><b>100,713</b></u>	<u><b>(71,337)</b></u>

The notes on pages 19 to 28 form part of these financial statements.

**THE MARY WARD SETTLEMENT**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 31 JULY 2010**

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**1. STATEMENT OF ACCOUNTING POLICIES**

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

**a) Basis of preparation and accounting**

These financial statements have been prepared in accordance with the Statement of Recommended Practice (SORP): Accounting for Further and Higher Education 2007 and in accordance with applicable Accounting Standards. They conform to guidance published in the 2009/10 Accounts Direction Handbook. The financial statements are prepared in accordance with the historical cost convention. The Board have agreed to include within the financial statements of the Mary Ward Settlement, non funding council funds which are in the form of investments, cash and corresponding income within the financial statements. The comparatives have been restated accordingly.

**b) Recognition of income**

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

Non-recurrent grants from the LSC and its successor organisations or other bodies received in respect of the acquisition of fixed assets are treated as deferred capital grants and amortised in line with depreciation over the life of the assets.

Income from tuition fees is recognised in the period to which it relates and includes all fees payable by students or their sponsors.

Income from grants, contracts and other services rendered is included to the extent of the completion of the contract or service concerned.

All income from short-term deposits is credited to the income and expenditure account in the period in which it is earned.

**c) Pension schemes**

Retirement benefits to employees of the Centre are provided by the Teachers' Pension Scheme (TPS) and the Local Government Pension Scheme (LGPS). These are defined benefit schemes, which are externally funded and contracted out of the State Earnings Related Pension Scheme (SERPS).

Contributions to the TPS are calculated so as to spread the cost of pensions over employees' working lives with the Centre 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. As stated in note 14, the TPS is a multi employer scheme and the Centre is unable to identify its share of the underlying assets and liabilities of the scheme on a consistent and reasonable basis. The TPS is therefore treated as a defined contribution scheme and the contributions recognised as they are paid each year.

The assets of the LGPS are measured using closing market values. LGPS 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.

**THE MARY WARD SETTLEMENT**  
**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)**  
**FOR THE YEAR ENDED 31 JULY 2010**

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**1. STATEMENT OF ACCOUNTING POLICIES (CONTINUED)**

**d) Tangible fixed assets**

Tangible fixed assets are stated at cost less depreciation. Depreciation is provided at rates calculated to write off the cost less estimated residual value of each asset over its expected useful life as follows:

Leasehold property	- over term of the lease
Furniture, fixtures and equipment	- 20% straight line

Where a fixed asset is acquired with the aid of specific grants it is capitalised and depreciated in accordance with the above policy, with the related grant being credited to a deferred capital grant account and released to the income and expenditure account over the expected useful economic life of the related fixed asset. Furniture, fixtures and equipment costing less than £1,000 per individual item are written off to the income and expenditure account in the period of acquisition. Because of the heavy usage involved, all computer equipment is written off to the income and expenditure account in the period of acquisition.

**e) Taxation**

The Centre is the trading name of the Mary Ward Settlement, a registered charity. As such, it is exempt from corporation tax on income it receives from tuition fees, interest and rents. The Centre is exempted from levying VAT on the services it provides to students. For this reason the Centre is unable to recover input VAT it suffers on goods and services purchased.

**f) Agency arrangements**

The Centre acts as an agent in the collection and payment of Learner Support Funds. Related payments received from the LSC and its successor organisations and subsequent disbursements to students are excluded from the Income and Expenditure account and are shown separately in Note 17, except for the 5 per cent of the grant received which is available to the Centre to cover administration costs relating to the grant. The Centre employs one member of staff partly dedicated to the administration of Learner Support Fund applications and payments.

**g) Operating leases**

The rentals payable under operating leases are charged on a straight line basis over the lease term.

**h) Investments**

Unrealised gains arise from the revaluation of investments to mid-market value at the year-end. Fixed asset investments are stated at this value in the balance sheet.

**THE MARY WARD SETTLEMENT**  
**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)**  
**FOR THE YEAR ENDED 31 JULY 2010**

<b>2. FUNDING COUNCIL INCOME</b>	<b>2010</b>	<b>2009</b>
	<b>£</b>	<b>£</b>
LSC - Recurrent grant	2,130,595	2,124,980
Additional recruitment grant	10,000	-
Releases of capital grants (note 12)	31,787	31,787
LLDD project grant	-	33,000
	<u>2,172,382</u>	<u>2,189,767</u>

<b>3. EDUCATION CONTRACTS</b>	<b>2010</b>	<b>2009</b>
	<b>£</b>	<b>£</b>
Courses run in partnership with Birkbeck College	<u>11,264</u>	<u>7,179</u>

<b>4. TUITION FEES AND CHARGES</b>	<b>2010</b>	<b>2009</b>
	<b>£</b>	<b>£</b>
UK	792,397	746,481
European Union (excluding UK)	20,655	18,395
Other	6,415	6,699
	<u>819,467</u>	<u>771,575</u>

Included with the amounts above are tuition fees funded by bursaries of £9,471 (2008/09: £32,135)

<b>5. STAFF COSTS AND NUMBERS</b>	<b>2010</b>	<b>2010</b>	<b>2009</b>	<b>2009</b>
		<b>£</b>		<b>£</b>
Teaching departments	35	1,347,669	34	1,261,196
Other support services	3	63,834	3	58,156
Administration and central services	21	935,605	25	1,076,237
	<u>59</u>	<u>2,347,108</u>	<u>62</u>	<u>2,395,589</u>
Wages and salaries		1,928,988		1,963,470
Social security costs		136,818		146,335
Other pension costs		225,799		205,029
FRS17 retirement benefit charge		18,000		7,000
Exceptional restructuring costs		37,503		73,755
		<u>2,347,108</u>		<u>2,395,589</u>

All staff employed by the Centre are engaged on permanent contracts. A general pay award of 1.5% was made with effect from 1 August 2009.

**THE MARY WARD SETTLEMENT**  
**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)**  
**FOR THE YEAR ENDED 31 JULY 2010**

<b>6. EMOLUMENTS OF SENIOR POST-HOLDERS AND MEMBERS</b>	<b>2010</b>	<b>2009</b>
	<b>No</b>	<b>No</b>
The number of senior post-holders including the principal was:	3	3
	<b>£</b>	<b>£</b>
Senior post-holders' emoluments are made up as follows:		
Salaries	230,133	224,257
Pension contributions	33,087	32,246
Total emoluments	<u>263,220</u>	<u>256,503</u>
Emoluments above includes amounts payable for the year to the principal (including pension contributions of £12,463 (2008/09: £12,279))	<u>100,852</u>	<u>99,363</u>
Senior post-holders are defined as members of the senior management team.		
No member, other than employee members of the Board of the Mary Ward Settlement, received any payment from the Centre.		
The number of senior post-holders including the principal who received emoluments including pension contributions and benefits in kind in the following ranges was:		
£70,001 to £80,000	-	2
£80,001 to £90,000	2	-
£90,001 to £100,000	-	1
£100,001 to £110,000	1	-
	<u>3</u>	<u>3</u>
<b>7. OTHER OPERATING EXPENSES</b>	<b>2010</b>	<b>2009</b>
	<b>£</b>	<b>£</b>
Teaching departments	68,832	85,140
Other support services	35,556	40,498
Administration and central services	148,464	184,667
General education	95,077	103,534
Premises costs - running costs	110,939	122,797
Premises costs - maintenance	86,843	62,342
Premises costs - rents and leases	65,922	67,806
	<u>611,633</u>	<u>666,784</u>
<b>Other operating expenses include:</b>		
Auditors' remuneration		
- financial statements audit	13,454	12,851
- financial statements other work	-	4,144
- regularity audit	3,231	3,076
- internal audit	10,892	10,350

**THE MARY WARD SETTLEMENT**  
**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)**  
**FOR THE YEAR ENDED 31 JULY 2010**

<b>8.</b>	<b>INTEREST PAYABLE</b>	<b>2010</b>	<b>2009</b>
		<b>£</b>	<b>£</b>
	Pension finance costs	40,000	26,000

<b>9.</b>	<b>TANGIBLE FIXED ASSETS</b>			
		<b>Leasehold property £</b>	<b>Furniture, fixtures and equipment £</b>	<b>Total £</b>
	<b>Cost:</b>			
	At 1 August 2009	1,823,035	452,014	2,275,049
	Additions	106,967	15,183	122,150
	Disposals	-	(5,595)	(5,595)
	At 31 July 2010	1,930,002	461,602	2,391,604
	<b>Depreciation:</b>			
	At 1 August 2009	462,935	335,286	798,221
	Charge for year	112,851	46,664	159,515
	Disposals	-	(5,595)	(5,595)
	At 31 July 2010	575,786	376,355	952,141
	<b>Net book value:</b>			
	Fixed assets financed by capital grant	381,444	-	381,444
	Other	972,772	85,247	1,058,019
	At 31 July 2010	1,354,216	85,247	1,439,463
	<i>At 31 July 2009</i>	<i>1,360,100</i>	<i>116,728</i>	<i>1,476,828</i>

Leasehold property represents a premium paid for a new 20 year lease from 1 August 2002 plus subsequent additions on the Mary Ward Centre's premises, 42 Queen Square, London, WC1N 3AQ. The cost of this premium and additions will be amortised over the life of the lease from the start date of 1 August 2002. Capital grants of £588,605 have been received from the Funding Councils. These grants will similarly be released to income and expenditure over the life of the lease.

<b>10.</b>	<b>DEBTORS</b>	<b>2010</b>	<b>2009</b>
		<b>£</b>	<b>£</b>
	Trade debtors	315	17,864
	Other debtors	6,085	6,830
	Amounts owed by group undertaking	3,013	-
	Prepayments and accrued income	36,981	111,290
		46,394	135,984

**THE MARY WARD SETTLEMENT**  
**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)**  
**FOR THE YEAR ENDED 31 JULY 2010**

<b>11. CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR</b>	<b>2010</b>	<b>2009</b>
	<b>£</b>	<b>£</b>
Accruals and deferred income	236,609	353,718
Taxation and social security	57,118	56,340
Amounts owed to group undertakings	-	226
Other creditors	801	844
	<u>294,528</u>	<u>411,128</u>

<b>12. DEFERRED CAPITAL GRANTS</b>	<b>2010</b>	<b>2009</b>
	<b>£</b>	<b>£</b>
At 1 August 2009	413,231	445,018
Released to income and expenditure account	(31,787)	(31,787)
At 31 July 2010	<u>381,444</u>	<u>413,231</u>

<b>13. DESIGNATED RESERVE</b>	<b>2010</b>	<b>2009</b>
	<b>£</b>	<b>£</b>
At 1 August 2009 and 31 July 2010	<u>1,115,000</u>	<u>1,115,000</u>

This designated reserve is to provide for the cost of implementing the Centre's future accommodation needs.

**14. PENSION OBLIGATIONS**

The Centre's employees belong to two pension schemes, the Teachers' Pension Scheme England and Wales (TPS) for academic and related staff and the Local Government Pension Scheme (LGPS) for support staff. The LGPS is administered for the Centre by the London Pensions Fund Authority. Both schemes are defined benefit schemes.

	<b>2010</b>	<b>2009</b>
	<b>£'000</b>	<b>£'000</b>
<b>Total pension cost for the year</b>		
Teachers' Pension Scheme: contributions paid	129	114
Local Government Pension Scheme:		
Contributions paid	117	96
FRS 17 charge	18	7
<b>Total pension cost for year</b>	<u>264</u>	<u>217</u>

**THE MARY WARD SETTLEMENT**  
**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)**  
**FOR THE YEAR ENDED 31 JULY 2010**

**14. PENSION OBLIGATIONS (CONTINUED)**

**TPS**

The TPS 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. Under the definitions set out in Financial Reporting Standard 17 Accounting for Retirement Benefits (FRS17), the TPS is a multi-employer pension scheme. The Centre is unable to identify its share of the underlying notional assets and liabilities of the scheme. Accordingly the Centre 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.

The Centre has set out below the information available on the deficit in the scheme and the implications for the Centre in terms of the anticipated contribution rates.

The pensions cost is normally assessed no less that every four 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:

<b>TPS</b>	Latest actuarial valuation	31 <sup>st</sup> 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 notional 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 the 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 2009 to 31 July 2010 the employer contribution was 14.1%. The employee rate was 6.4% for the same period.

**LGPS**

The LGPS is externally funded with the assets held in separate trustee administered funds. Under the definitions set out in FRS17 the LGPS is a multi-employer funded defined benefit scheme. The pension scheme is valued every three years in accordance with the advice of an independent qualified actuary. The total contribution for the year ended 31 July 2010 was £145,418 of which employer's contributions totalled £100,992 and employees' contributions totalled £44,426.

The following information is based upon a full actuarial valuation of the scheme at 31 March 2007 updated to 31 July 2010 by an independent qualified actuary.

	<b>2010</b>	<b>2009</b>
	<i>% per annum</i>	<i>% per annum</i>
Price increases	3.2%	3.6%
Salary increases	4.7%	5.1%
Pension increases	2.7%	3.6%
Discount rate	5.4%	6.0%
Commutation of pensions to lump sums	20%	20%

The current mortality assumptions include sufficient allowance for future improvements in mortality rates.

**THE MARY WARD SETTLEMENT**  
**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)**  
**FOR THE YEAR ENDED 31 JULY 2010**

**14. PENSION OBLIGATIONS (CONTINUED)**  
**LGPS (Continued)**

The assumed life expectations on retirement age 65 are:	<b>2010</b>	<b>2009</b>
Current pensioners		
Male	19.6	19.6
Female	22.5	22.5
Future pensioners		
Male	20.7	20.7
Female	23.6	23.6

The expected returns and values at 31 July 2010 of the active sub fund of the London Pensions Fund Authority Pension Fund were as follows:

	<b>Long term return % p. a.</b>	<b>Value at 31 July 2010 £'000</b>	<b>Long term return % p. a.</b>	<b>Value at 31 July 2009 £'000</b>
Equities	7.3%	754	7.5%	589
Target return portfolio	4.5%	131	6.2%	89
Alternative assets	6.3%	164	6.7%	127
Cash	3.0%	22	3.0%	59
Other bonds	5.4%	22	-	-

The Centre's net pension liability under this scheme is estimated to be:	<b>2010</b>	<b>2009</b>
	<b>£'000</b>	<b>£'000</b>
Estimated asset share	1,093	864
Present value of liabilities	(1,929)	(1,658)
Net pension liability	<u>(836)</u>	<u>(794)</u>

**Analysis of the amount charged to income and expenditure account**

	<b>2010</b>	<b>2009</b>
	<b>£'000</b>	<b>£'000</b>

Employer service cost (net of employee contributions)	(121)	(103)
Loss on curtailments and settlements	(14)	-
Total operating charge	<u>(135)</u>	<u>(103)</u>

**Analysis of pension finance costs**

	<b>2010</b>	<b>2009</b>
	<b>£'000</b>	<b>£'000</b>

Expected return on pension scheme assets	64	63
Interest on pension liabilities	(104)	(89)
Pension finance costs	<u>(40)</u>	<u>(26)</u>

The total amount recognised in the statement of total gains and losses in respect of actuarial gains and losses is £63,000 loss (2009: £309,000 loss). The amount recognised which relates to the past service gain is £79,000 (2009: £nil). The estimated value of employer contributions for the year ended 31st July 2011 is £122,000.

**THE MARY WARD SETTLEMENT**  
**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)**  
**FOR THE YEAR ENDED 31 JULY 2010**

<b>14. PENSION OBLIGATIONS (CONTINUED)</b>	<b>2010</b>	<b>2009</b>			
	<b>£'000</b>	<b>£'000</b>			
<b>Movement in deficit during the year</b>					
Deficit at 1 August 2009	(794)	(452)			
Employer service cost (net of employee contributions)	(121)	(103)			
Past service gain	79	-			
Settlements or curtailments	(14)	-			
Employer contributions	117	96			
Net return on assets	(40)	(26)			
Actuarial loss	(63)	(309)			
<b>Deficit at 31 July 2010</b>	<u>(836)</u>	<u>(794)</u>			
<b>Asset and liability reconciliation</b>					
Liabilities at start of period	1,658	1,277			
Interest cost	104	89			
Current service cost	121	103			
Employee contributions	44	45			
Actuarial loss	92	191			
Past service gain	(79)	-			
Estimated benefits paid	(25)	(47)			
Losses on curtailments	14	-			
<b>Liabilities at end of period</b>	<u>1,929</u>	<u>1,658</u>			
<b>Asset and liability reconciliation</b>					
Assets at start of period	864	825			
Expected return on assets	64	63			
Contributions by the employer	117	96			
Employee contributions	44	45			
Actuarial gain/(loss)	29	(118)			
Estimated benefits paid	(25)	(47)			
<b>Assets at end of period</b>	<u>1,093</u>	<u>864</u>			
<b>History of experience gains and losses</b>	<b>2010</b>	<b>2009</b>	<b>2008</b>	<b>2007</b>	<b>2006</b>
	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>
Actuarial gains/(losses) on assets	29	(118)	23	27	18
Value of assets	1,093	864	825	654	495
<b>Percentage of assets</b>	<b>2.7%</b>	<b>(13.7%)</b>	<b>2.8%</b>	<b>4.1%</b>	<b>3.7%</b>
Experience losses on scheme liabilities	-	-	(64)	-	-
Present value of liabilities	1,929	1,658	1,277	1,002	928
<b>Percentage of liabilities</b>	<b>-</b>	<b>-</b>	<b>(5.0%)</b>	<b>-</b>	<b>-</b>
Actuarial gain/(losses) recognised in STRGL	(63)	(309)	(58)	120	(21)
Present value of liabilities	1,929	1,658	1,277	1,002	928
<b>Percentage of liabilities</b>	<b>(3.3%)</b>	<b>(18.6%)</b>	<b>(4.5%)</b>	<b>12.0%</b>	<b>(2.3%)</b>

**THE MARY WARD SETTLEMENT**  
**INCOME AND EXPENDITURE ACCOUNT**  
**FOR THE YEAR ENDED 31 JULY 2010**

	<b>2010</b>	<b>2009</b>
	<b>£</b>	<b>£</b>
<b>15. CAPITAL COMMITMENTS</b>		
Commitments contracted for at 31 July 2009 but not yet provided for in the financial statements	150,000	100,000
<b>16. FINANCIAL COMMITMENTS</b>		
At 31 July the Centre had annual commitments under		
Expiring within two and five years inclusive	30,000	30,000
Expiring in over five years	16,170	16,170
	46,170	46,170
<b>17. AMOUNTS DISTRIBUTED AS AGENTS</b>		
<b>Learner Support Funds</b>	<b>£</b>	<b>£</b>
Funding body grants	39,300	45,750
	39,300	45,750
Hardship funds disbursed to students	(37,335)	(43,431)
Administration costs	(1,965)	(2,319)
	-	-
Balance at 31 July 2009		

Funding body grants are available solely for students. In the case of hardship funds the Centre only acts as a paying agent and the grant and related payments are therefore excluded from the income and expenditure account.

**18. RELATED PARTIES**

Owing to the nature of the Centre's operations and the composition of the board of governors being drawn from local public and private sector organisations, it is inevitable that transactions will take place with organisations in which a member of the board of governors may have an interest. All transactions involving such organisations are conducted at arm's length and in accordance with the Centre's financial regulations and normal procurement procedures.