



the  
co-operative  
college

Co-operative College Trust Annual  
Report and Accounts 2006



## Reference and the Administrative Information

The Co-operative College was founded in 1919 and is registered with the Charity Commission under charity number 1060008.

### Legal and Administrative Details

**Registered charity number:** 1060008

#### Registered Offices:

Co-operative College  
Holyoake House  
Hanover Street  
Manchester  
M60 0AS

#### Corporate Trustee

Co-operatives<sup>UK</sup>  
Holyoake House  
Hanover Street  
Manchester  
M60 0AS

## The Trustees, Governors, Officers and Advisors

The day to day responsibility for operations is delegated to the College Leadership Team, comprising:

Mervyn Wilson . . . . .Chief Executive and Principal  
Chris Cooper . . . . .Director of Learning and Development (Vice Principal)  
Emma Willder . . . . .Head of Finance and Corporate Services  
Linda Shaw . . . . .Head of Research and Project Development  
Gillian Lonergan . . . . .Learning Resources Manager and Archivist

Emma Willder is currently on maternity leave

Co-operatives<sup>UK</sup> is the Corporate Trustee of the Co-operative College Trust. It is the appointing body for the Co-operative College Board of Governors, members of which during 2006 were:

*Board Attendance: Jan - Dec 2006*

David Gibson (Chair)	6/6
John Anderson (to February 2006)	0/1
Gillian Bober	5/6
Nicola Boyle (to 17 Feb 2006)	1/1
Elaine Dean	5/6
Stephen Galjaard	4/6
Russell Gill (from December 2006)	1/1
Dame Pauline Green	5/6
Chris Herries (from March – May 2006)	2/2
Hilary Justin	5/6
Jonathan Michie (to October 2006)	0/5
Andy Piercy	4/6
David Rodgers	6/6
Nicholas Rowe (to May 2006)	1/3
Richard Scott	5/6
Dickon Siddall (from May 2006)	3/4
Robin Stewart (from July 2006)	2/3
Stephanie Warren (from November 2006)	1/1
Gary Wilton	2/6
Mervyn Wilson	6/6

All members of the Board are appointed by the Corporate Trustee. In the case of the student and staff members, the appointment follows a nomination process from within the relevant constituency.

**Officers and Staff and other Committees are detailed on pages 27 and 28.**

## Principal Advisors

Bankers: Co-operative Bank Plc  
Balloon Street  
Manchester  
M60 4EP

Solicitors: Croftons  
Television House  
Mount Street  
Manchester  
M2 5FA

Auditor: KPMG LLP  
Chartered Accountants  
Registered Auditor  
St James' Square  
Manchester  
M2 6DS

## Report

The Co-operative College Trustee and Governors present their Annual Report for the year ended 31 December 2006 under the Charities Act 1993, together with the audited accounts for the year, and confirm that the latter comply with the requirements of the Act, the Trust Deed and the Charity Statement of Recommended Practice 2005.

## Chair's Introduction

2006 was an important year for the Co-operative College, addressing issues that emerged in the latter part of 2005, implementing the recovery plan, and building partnerships for the future.

The actions taken by the Board proved effective, enabling the College to continue to grow its range of learning programmes, and through new partnerships, expand its operations to many parts of the world. 2006 saw major steps towards the achievement of our vision to be the world leader in co-operative learning.

Partnerships are at the heart of this strategy. Established partnerships have been consolidated and new partnerships developed to help build co-operative education, both in the UK and internationally.

In 2006 we delivered programmes in four continents, a testimony to the growing reputation and recognition of the distinct areas of expertise of the Co-operative College. Working with co-operatives, not just throughout the UK, but throughout the world, means the College is constantly adding to its knowledge base, that unique expertise, the need for which was so clearly recognised by those who founded the Co-operative College nearly 90 years ago.

The report that follows shows how the College has continued to progress towards the achievement of its vision, mission and objectives. The Board and Trustee record their sincere thanks for the work of the College staff and the Associates whose efforts have resulted in the progress we report.

David Gibson **CBE**  
Chair, Board of Governors

## Structure Governance and Management

### Governing Document

The charity is governed by a Trust Deed and the Instruments and Articles of Government both last amended 23 June 2004.

### Governing Bodies

The structure of the charity comprises a Corporate Trustee (Co-operatives<sup>UK</sup>) and a Board of Governors operating under powers delegated by the Trustee.

### Recruitment and Training of Governors

The charity's Board of Governors is appointed by the Corporate Trustee on the basis of nominations received from the College Search Committee concerning eligibility, competence, specialist skills and availability to represent the different stakeholder groups identified in the Instrument and Articles. New governors are inducted into the workings of the charity and its policies and procedures. Joint training sessions for the Corporate Trustee and Governors are held periodically. Members of the Board of Governors participate in a Board Skills Audit to identify future training and development needs, and in the strategic planning of the College.

### Organisational Management

Co-operatives<sup>UK</sup> as the Trustee of the charity is legally responsible for the overall management and control of the Co-operative College. The Co-operative College Board of Governors operates under delegated authority from the Corporate Trustee to undertake the governance responsibilities, and meets at least six times a year. The Board of Governors is chaired by David Gibson CBE. The Audit Committee, chaired by David Rodgers, meets not less than three times a year to consider financial and risk management issues, the annual audited accounts and Annual Report, Half-Yearly Review, the College budget and to make recommendations to the Board on these subjects.

The Board of Learning is chaired by the College Principal and meets not less than three times a year. It reports to the Board on academic, programme and other matters. Its future role is under review, with the College Board now taking responsibility for these matters. The other principal committee of the College is the Archive Committee chaired by Professor Stephen Yeo, which reports to the Governors via committee minutes and through an annual report.

### Internal Control

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

The Co-operative College Trust has elected to work within the Co-operatives<sup>UK</sup> Corporate Governance Code of Best Practice, revised 2005 where it is applicable. The Board has noted those recommendations not applicable to its operation and is working towards full compliance with those parts of the Code which are directly applicable.

Key procedures have been established, providing effective internal financial control. These include:

- Clearly defined lines of responsibility and delegation.
- Operation within approved financial regulations.
- Budget setting and approval.
- Regular performance review and reporting and forecasts against the budget approved by the Trust management team.
- Reporting to and review by the Trust's Audit Committee and Board of Governors on a regular basis.

During the year, Bentley Jennison was appointed as the Trust's internal auditor following a tender process. The internal auditor reviewed and reported on key areas of operation including key financial controls and budget setting and new sources of income and they reported in their Internal Audit Annual Report as follows:

### Overall Conclusion

We have conducted our audits in accordance with the Internal Audit Standards as detailed in the Government Internal Audit Standards (GIAS). Within the context of the parameters set out in paragraph 2.1, above, our opinion is as follows:

We are satisfied that sufficient internal audit work has been undertaken to allow us to draw a reasonable conclusion as to the adequacy and effectiveness of the Co-operative College's risk management, control and governance processes.

In our opinion, for the 12 months ended 31 December 2006 the Co-operative College:

- has adequate and effective risk management processes;
- has adequate and effective governance processes;
- has adequate and effective control processes;

to manage the achievement of the organisation's objectives.

### Risk Management

The Trust's management has a clear responsibility for:

- Identifying risks facing the business.
- Putting in place actions and procedures to mitigate and control risks.
- Monitoring risks.

The Trust's management held an annual risk assessment workshop as part of its planning cycle to develop its risk register and developed plans to control identified risk areas. The Audit Committee and Board have reviewed the register and actions by the College management to control risks.

## Objects, Aims Objectives and Activities

### Charitable Objectives

The object of the Charity is to promote the education of the public, in particular, but not exclusively, by the provision and conduct of a College for the education of people in a manner consistent with the values and principles of the co-operative movement.

### Aims

The College aims are reflected in its vision, mission and strategic objectives:

### Vision

To be the world leader in co-operative learning.

### Mission

To provide challenging and diverse learning opportunities that enable learners and their organisations to put co-operative values and principles into everyday practice.

## Strategic Objectives and Achievements during 2006

- *To promote and encourage the understanding of co-operative values and principles and co-operative learning within and beyond the co-operative mutual and social enterprise sector.*

The development of innovative curriculum projects in partnership with specialist Business and Enterprise Colleges sponsored by the Co-operative Group.

Delivering in-country co-operative values and governance training with Twin Trading in Tanzania with the Co-operative Federation of Victoria in Australia, and in Italy, Lithuania and Slovakia through the Grundtvig COCADE project.

The continued publication of a range of high quality training materials and College papers.

- *To meet the learning needs of diverse co-operative, mutual and social enterprises regionally, nationally and internationally.*

927 learners participating in events under the revised Director and Member Framework.

514 learners participating in Management and Leadership Development programmes.

Delivering learning programmes on four continents in 2006.

Extending the range of Memoranda of Understanding with Co-operative Colleges and other partners.

The development of work with new mutuals, particularly in the health sector.

The delivery of a new training programme for social enterprise in partnership with Third Sector Enterprises (3SE) in Greater Manchester.

- *To continuously improve learning and quality standards across the whole of the College curriculum.*

Regular reviews of the College quality management systems, maintaining ISO 9001:2000 accreditation.

The monitoring of learner satisfaction on all learner programmes, and the achievement of an overall learner satisfaction level of 88.38%.

- *To develop e-learning and information and learning technology (ILT) provision.*

The revision of the *A Different Kind of Business* e-learning modules.

The development of an additional module in the *A Different Kind of Business* series – *A Different Kind of World - Co-operating Out of Poverty*.

The development of blended learning programmes, combining e-learning and workshop based delivery.

The development of the College websites, providing access to a wide range of learning resources.

- *To transform the Rochdale Pioneers Museum and the National Co-operative Archive into accessible lifelong learning resources.*

Progressing work on the Project Planning Grant (PPG) from the Heritage Lottery Fund to develop proposals for a major HLF bid to be submitted in 2007.

Consulting the UK and European co-operative movement on proposed improvements to the Archive and Museum.

Work towards the achievement of designated archive status.

The successful launch of the Co-operative Heritage Fund, a restricted fund to provide a vehicle through which co-operative societies and individuals can contribute towards the running costs of the Rochdale Pioneers Museum and National Co-operative Archive.

- *To promote and encourage a values led approach to business within the co-operative, mutual and social enterprise sector, and beyond that sector where such activity enhances public and/or business understanding and respect for the contribution of co-operation to corporate ethics.*

The successful launch of a training programme in partnership with the Ethical Trading Initiative in the UK and internationally.

The conducting of supply chain and social audits internationally.

## Objectives for the Year

The College has developed a robust strategic planning process involving the Trustee, Board of Governors, staff and College Associates. The resulting rolling three year plan identifies measures for each of the strategic objectives that will enable the charity to progress towards the achievement of its vision.

## Strategies to Achieve the Year's Objectives

The steps to achieve the objectives for the year are detailed in the strategic plan approved by the Board of Governors and Trustee. The plan is published on the College website <http://www.co-op.ac.uk>.

## Principal Activities for the Year

The principal activities for the year are detailed in the report on pages 7 to 9.

## Volunteers

The College has encouraged and supported volunteers in appropriate areas of its activities. The Rochdale Pioneers Museum has an established group of 'friends' who support the Museum in a variety of ways and assist the Wardens in their duties. Work placements from universities together with volunteers have worked on cataloguing and associated tasks within the College archive collection. The College thanks all those volunteers that helped out in 2006 and is working to extend voluntary support in these areas in the coming year.

## Review of Achievement and Performance in the Year

### Operational Performance

#### Learning Programmes

During 2006 the College delivered a comprehensive programme of in-house courses supplemented by open programmes **for national, regional and local co-operatives** for directors, members, managers and staff.

Within the **Member and Director Learning** framework additional units were developed based on the changing operating environment and the needs of co-operatives and other mutuals. The areas addressed included:

- Governance and Co-operative Membership
- The Environment and Climate Change
- International Co-operation and Development
- The Role of the Co-operative Director (for members considering standing for election)

Locally delivered, tailored programmes for directors and members of co-operatives are the main way that societies provide learning and development opportunities. The College again updated its **Board Skills Audit** and added a **Board Appraisal process** to reflect the changes taking place in the governance of the consumer movement.

The College further developed its **Co-operative Identity** programmes delivering to consumer co-operatives across the UK, 26 co-operatives in Western Australia and Victoria and through partnerships in Italy in Trentino and with SEF, the training arm of the Italian credit co-operative bank movement in Rome.

In **Leadership, Management and Staff Development** the College increased its range of tailored and qualification led programmes adding the Executive Diploma in Strategic Management. Partnership programmes with Leeds, Anglia, Midcounties and the Co-operative Group were successful in enabling team leaders, first line and middle managers to gain qualifications during 2006. The College also delivered a team leader development programme in Sri Lanka.

A small number of **Membership Open Programmes** were provided in 2006. **Open Programmes for Managers** continued to attract participants at Introductory, Certificate, Diploma and Postgraduate levels from an increasing range of co-operative and mutual organisations.

Specialist funeral training led by **Funeral Vocational Qualifications** were delivered in partnership with consumer societies providing work-based and off the job training to funeral operatives and arrangers, funeral directors and assessors and verifiers.

In 2006 the College continued its regular updates to its **E-learning and Distance Learning programmes** offering online learning for members of the Co-operative Group and CD Rom and distance learning for members of other co-operatives. The e-learning modules *A Different Kind of Business* were updated to include the piloting of the new brand and the addition of a new module *A Different Kind of World* addressing the contribution of co-operatives to poverty reduction and post disaster recovery.

The College continued to provide **Information Technology** applications programmes at its Manchester base and to develop tailored systems based training for CFS and the Co-operative Group.

During 2006 the College worked with learners in the following areas:

#### Qualification Programmes

##### Member and Director Learning

- 136 learner registrations at level 2
- 25 learner registrations at level 3

##### Management and Leadership Development

- 39 learner registrations at level 2
- 10 learner registrations at level 4
- 17 learner registrations at level 5

##### Funeral Vocational Qualifications

- 60 learner registrations at level 3
- 127 learner registrations at level 4
- 62 learner registrations at level 5

### In-house, Tailored Programmes

Co-operative Identity

- 234 learners on 20 events

Member and Director Training

- 927 learners on 143 events

Management and Leadership Development

- 371 learners on 127 events

Specialist Funeral

- 43 learners on 31 events

Information Technology Programmes

- 430 learners on 103 events

Social Enterprise Programmes

- 76 learners on 21 events

Staff Programmes

- 14 learners on 11 events

## Projects, Partnerships and Events

### Working with the Wider Co-operative, Mutual and Social Enterprise Sector

The College further developed its partnership with the **Ethical Trading Initiative** designing and delivering training on ethical trade for a national and international audience. The College worked with the **Appointments Commission** to deliver training for the Chairs of **Strategic Health Authorities** and with **Foundation Hospitals** to deliver training for governors and members of Trusts. Board Skills Audits were delivered in **Leisure Trusts** and a specialist training programme for **Social Enterprises** in the North West was developed and delivered in partnership with 3SE and Greater Manchester Enterprises.

A partnership with United Co-operatives enabled a conference on **Healthcare in the 21st Century – Co-operative Solutions** to run in Manchester. The College continued to contribute to the **CFSMA** Conference, the **HR Forum** and to deliver regular **Networking Events** for trainers and membership officials from across the co-operative and mutual healthcare sectors.

The College continued to build relationships with the wider co-operative, social enterprise and mutual and voluntary sector through the **Robert Owen Learning**

### Academy, football supporters' trusts, community food enterprises, Mutuo and the Co-operative Party.

A research programme into women's participation at management level in the co-operative and social enterprise sector in the North West commenced in January 2006 funded via the European Social Fund. The findings will help to develop better training materials for the sector.

### Working with the Worldwide Co-operative Movement

The College continued to strengthen existing partnerships and develop new ones. Activities under the **Strategic Grant Agreement with the Department for International Development** included the development of a website and online photo library <http://www.internationaldevelopment.coop/> as well as a new e-learning module *A Different Kind of World*.

Oral and written evidence was submitted to a **House of Commons International Development Committee** investigation into the role of the private sector in development and a seminar was held on **Co-operatives and Islamic Finance**. The College continued to manage the operations of the **UK Tsunami Relief Fund** and carry out **social audits of suppliers** for the Co-operative Group. **Research into corporate governance issues** for co-operatives in the developing world was carried out for the International Finance Corporation (part of the World Bank Group).

### Working with Schools and Young People

The College maintained its support for **the Network of Business and Enterprise Colleges** sponsored by the Co-operative Group. The **Curriculum Development Project** piloted a wide range of new resources, including Financial Literacy, Human Resources and the Brand Project.

Dissemination activities included working with the **Schools Enterprise Education Network (S'EEN)** to provide resources on **'Co-operative Enterprise as a Learning Resource'** for distribution to all secondary schools in England in early 2007 and discussions with CETS in Scotland. A new website – [www.school.coop](http://www.school.coop) was under preparation for launch in Spring 2007.

The College helped Business and Enterprise Colleges supported by the Co-operative Group develop a successful Comenius bid **linking with schools in Spain, Latvia and Italy**.

The College, together with the Co-operative Group, supported **Andrew Marvell Business and Enterprise College** in Hull in a successful application to join the **Trust Pathfinder programme**, exploring the potential for a co-operative model for Trust schools. The College commenced **research on co-operative models of schools in Europe**, looking at the experience in Spain, Portugal and Sweden. A parallel research project is exploring co-operative schools supported by producer co-operatives in Africa.

**Enterprise Week** saw a range of activities to help schools deliver theme days on co-operative enterprise, social enterprise and global co-operative enterprise to whole year groups.

In May 2006 the College hosted the **Building Co-operatives Futures** young co-operators forum in collaboration with partner organisations in Canada and the United States. The forum attracted **over 120 participants**, including co-operators from Trentino in Northern Italy, Belgium, Afghanistan, Ghana and Uganda. The College is now supporting the next Building Co-operatives Futures Forum which will take place in **Ontario in May 2007**.

Support for the **Woodcraft Folk** included providing access to e-learning and support for the **Global Village** in summer 2006.

Links with Young Co-operatives were extended, and the e-learning module *A Different Kind of World - Co-operating Out of Poverty* was distributed to all schools registered with **Young Co-operatives**.

### Archive and Museum

During the year, the College work on the **Heritage Lottery Fund Project Planning Grant** involved specialist consultants' reports advising on Audience Development, Conservation Management, IT Strategy, a Structural Survey of the Rochdale Pioneers Museum and Access Audits for the Museum and Holyoake House. These reports have informed the development of a clear strategy for the future.

Staffing at the Museum has been strengthened by the appointment of a **third Warden**. Work with the **Rochdale Local Authority** has continued, with the ongoing **Co-op Experience** giving schools a full day programme involving the **Rochdale Pioneers Museum and Touchstones**.

Links are being developed with other archives and museums through representation on groups including the Greater Manchester Archivists Group, and the Society for the Study of Labour History Archives and Resources Committee.

Information on other co-operative museums and archives is being gathered, with the aim of **developing a network of co-operative collections**. Delegates at the ICA Europe Regional Assembly in Manchester provided details of collections across the continent and visitors to the College have added information on museums and archives in different parts of the world.

**Volunteers and fieldwork placements** of students undergoing professional training courses have contributed greatly to the Archive during the year, helping to catalogue collections and carrying out research to assist with the answering of queries.

Co-operative Congress in 2006 agreed a resolution on the setting up of a trust to safeguard the collections for the future and the establishment of a **Co-operative Heritage Fund** to provide a vehicle for co-operative societies and individuals to contribute to the running costs of the Archive and Museum. The Fund was launched in the summer of 2006 to consumer co-operatives in the UK, resulting in pledges totalling over £90,000 per year for the next four years.

### Future Plans

#### Future Activities

The College Strategic Plan for 2007-2009 approved by the Board and Trustee aims to maintain progress towards the achievement of the College vision. The College will continue to expand its range of education and development services to the co-operative and mutual sector in the UK and internationally. In 2007 the College will:

- Expand the international work of the College, building its knowledge base through new partnerships and collaborative projects and the delivery of in-country programmes.
- Continue the development of information and learning technology based resources, blended learning and e-learning modes of delivery.
- Progress its work towards the development of the Rochdale Pioneers Museum and the National Co-operative Archive as lifelong learning resources.
- Extend and develop new programme areas through funded projects and partnerships.

- Continuously update its learning programmes to ensure they address emerging issues such as rising expectations in corporate governance.
- Work to achieve continuous improvements in quality in all areas of the College's operations and delivery and maintain ISO9000:2001 accreditation.
- Maintain Investors in People accreditation.
- Further develop its partnerships, focusing on partnerships to enable it to extend its work in the UK, in Europe, and wider internationally.
- Build on the successful launch of the Co-operative Heritage Fund by extending it internationally and to individuals.

### Investment Performance against Objectives

The return on investments for unrestricted funds in 2006 was £193,980, which was an increase of 11% on the budgeted figures.

## Financial Review and Results for the Year

Financially the College performed well during 2006 when compared to the budgeted expectations. Under the recovery plan the College established the basis for improved performance for 2007 and beyond.

A number of factors enabled the College to outperform the budget:

- Improved investment returns due to higher interest rates and a more pro-active treasury policy.
- Projects income increased over budgeted levels giving a greater contribution to fixed overheads.
- Courses and events exceeded budgets.
- The successful launch of the Co-operative Heritage Fund.
- A strong performance in publication sales and other income.
- Administration costs were tightly controlled.

The underlying performance was a deficit of £21,600 compared to a £67,249 deficit the previous year and includes adjustments made in relation to FRS17.

Cash and Investment Balances as at 31 December were £4,865,147.

### General Grant Making Policy

The Co-operative College does not make grants but has a number of scholarship funds to assist learners to attend College learning programmes and events. In 2006 22 learners benefited from such scholarships.

### Reserves Policy

The Board and Trustee have agreed that the unrestricted Revenue Reserves are maintained at a level that equates to approximately six months operating costs. In view of the rate of growth of the College over the life of the current Strategic Plan the Board and Trustee agreed that an unrestricted revenue reserve of approximately £700,000 was appropriate as a target, however this has not been achieved in 2006 and the policy will be reviewed in 2007.

The current level of unrestricted reserves is £640,860 (excluding the Pension Reserve).

### Investment Policy and Objectives

The Board and Trustee have agreed that funds be invested in order that the interest arising can be used in the furtherance of the object of the charity. The College currently holds £4.6 million of investments on fixed term deposit with the Nationwide.

### Heritage Assets

Under FRS 15 Heritage Assets should be valued at cost or valuation. However such assets can be exempt from capitalisation if the cost of obtaining a valuation significantly outweighs the benefit or there is no reliable cost information available. The Archive and Museum assets of the College fall into this category and are held by the College or in trust with the College on behalf of the movement. The assets consist of a substantial archive collection together with museum artefacts. The College is now working with Co-operatives<sup>UK</sup> towards the establishment of a new Co-operative Heritage Trust to be the owner and custodian of the heritage assets.

### The accounts and notes on pages 13 to 26 are hereby signed by:

*On behalf of the Trustee:*

#### Ben Reid

Chair, Co-operatives<sup>UK</sup> Board of Directors

#### Dame Pauline Green

Chief Executive & Secretary, Co-operatives<sup>UK</sup>

*On behalf of the Co-operative College Board of Governors:*

#### David Gibson CBE

Chair, Co-operative College Board of Governors

#### Mervyn Wilson

Chief Executive & Principal, Co-operative College

**Date: 26 April 2007.**

## Accounting and Reporting Responsibilities

### Statement of Trustee's Responsibilities in respect of the Trustee's Report and the Financial Statements

Under the Trust deed of the Charity and Charity law the trustee is responsible for preparing the Trustee's Report and the financial statements in accordance with applicable law and regulations.

Charity law requires the Trustee to prepare financial statements for each financial year.

The financial statements are required by law to give a true and fair view of the state of affairs of the charity and of the excess of expenditure over income for that period.

In preparing these financial statements, generally accepted accounting practice entails that the Trustee:

- select suitable accounting policies and then apply them consistently.
- make judgements and estimates that are reasonable and prudent.
- state whether applicable UK Accounting Standards and Statement of Recommended Practice have been followed, subject to any material departures disclosed and explained in the financial statements.
- state whether the financial statements comply with the trust deed, subject to any material departures disclosed and explained in the financial statements.
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the charity will continue its activities.

The Trustee is required to act in accordance with the trust deed of the charity, within the framework of trust law. It is responsible for keeping proper accounting records, sufficient to disclose at any time, with reasonable accuracy, the financial position of the charity at that time, and to enable the trustees to ensure that, where any statements of accounts are prepared by them under section 42(1), the Charities Act 1993, those statements of accounts comply with the requirements of regulations under that provision. It has general responsibility for taking such steps as are reasonably open to them to safeguard the assets of the charity and to prevent and detect fraud and other irregularities.

The Trustee is responsible for the maintenance and integrity of the financial and other information included on the charity's website. Legislation in the UK covering the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

### Information System

The Trust has a qualified Accountant and a Finance Assistant in house who provide an accounting and information service for the College. All transactions are recorded through the computerised financial ledger system. Monthly actual results are produced from this system for reporting to the Trust's Management and the Board against budget, highlighting any significant adverse or favourable variances. This also allows any remedial action to be taken as and when required.

The accounting system is complemented by the Trust's learner database that is used to record all student enrolments and details of the Trust's educational courses.

### Control Procedures and Monitoring

In addition to the controls previously mentioned, there are clearly defined policies for capital expenditure. These include appropriate authorisation levels with larger projects requiring Board approval. The Audit Committee performs a key role in the review of the effectiveness of internal financial and other controls. The Committee met on 4 occasions and has been able to refer to work undertaken by internal audit. By the end of the year the Trust was compliant with the Co-operatives<sup>UK</sup> *Corporate Governance Code of Best Practice 2005* D3.1 in as far as it is applicable to the Trust.

### Auditors

KPMG LLP successfully tendered for and were appointed auditors by the Trustee at its AGM on 22 May 2005 for a period of 3 years.

### Going Concern

After making all enquiries and taking into consideration the detailed College Strategic Plan and budgets, the Trustee has a reasonable expectation that the Trust has adequate resources to continue in operational existence for the foreseeable future. For this reason, it continues to adopt the going concern basis in preparing the Trust's accounts.

## Independent Auditor's Report to the Trustee of the Co-operative College Trust

We have audited the financial statements of the Co-operative College Trust for the year ended 31 December 2006 which comprise the Statement of Financial Activities, the Balance Sheet and the Cash Flow Statement and the related notes. These financial statements have been prepared under the accounting policies set out therein.

This report is made solely to the charity's trustee as a body, in accordance with section 43 of the Charities Act 1993 and regulations made under section 44 of that Act. Our audit work has been undertaken so that we might state to the charity's trustee those matters we are required to state to it 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 charity and its trustee as a body, for our audit work, for this report, or for the opinions we have formed.

### Respective Responsibilities of the Trustee and Auditors

The trustee's responsibilities for the preparation of the financial statements in accordance with applicable law and UK Accounting Standards (UK Generally Accepted Accounting Practice) are set out in the Statement of Trustee's Responsibilities on page 11.

We have been appointed as auditors under section 43 of the Charities Act 1993 and report in accordance with regulations made under section 44 of that Act. 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 Charities Act 1993. We also report to you if, in our opinion, the Trustees' Annual Report is not consistent with the financial statements, if the charity has not kept proper accounting records, or if we have not received all the information and explanations we require for our audit.

We review whether the statement on pages 13 to 14 reflects the Trust's compliance with paragraphs D1.1 (paragraph 5), D2.1, D2.4, D3.1 (paragraph 3) and D3.2 of the Co-operative<sup>UK</sup> Limited's Corporate Governance Code of Best Practice issued in May 2005, and we report if it does not. We are not required to consider whether the

Board's statements on internal control cover all risks and controls, or form an opinion on the effectiveness of the Trust's corporate governance procedures or its risk and control procedures.

We read the other information contained in the Annual Report and consider whether it is consistent with the audited financial statements. We consider the implications for our report if we become aware of any apparent misstatements or material inconsistencies with the financial statements. Our responsibilities do not extend to any other information.

### Basis of Audit Opinion

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

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

### Opinion

In our opinion the financial statements:

- give a true and fair view, in accordance with UK Generally Accepted Accounting Practice, of the state of the charity's affairs as at 31 December 2006 and of its incoming resources and application of resources for the year then ended; and
- have been properly prepared in accordance with the Charities Act 1993.

KPMG LLP  
Chartered Accountants, Registered Auditor  
St James' Square, Manchester M2 6DS  
Date: 26 April 2007

## Statement of Financial Activities for the year ended 31 December 2006

	Notes	Unrestricted Funds £	Restricted Funds £	Endowment Funds £	Total Funds £	Prior Year Funds £
<b>Incoming Resources</b>						
<i>Incoming resources from generated funds</i>						
Voluntary income		58,664	92,445	-	151,109	82,135
Investment income		193,980	27,311	-	221,291	234,372
<i>Incoming resources from charitable activities</i>						
Management services		140,000	-	-	140,000	175,000
Courses		421,457	-	-	421,457	363,763
Projects	2a	462,605	-	-	462,605	422,584
Events		67,661	-	-	67,661	-
Archive and Museum		4,452	-	-	4,452	15,772
Other		43,433	-	-	43,433	38,806
<i>Other incoming resources</i>	2b	-	-	-	-	42,331
<i>Pension finance Income</i>	17	12,000	-	-	12,000	12,000
<b>Total incoming resources</b>		<b>1,404,252</b>	<b>119,756</b>	<b>-</b>	<b>1,524,008</b>	<b>1,386,763</b>
<b>Resources Expended</b>						
<i>Charitable activities</i>						
Courses	3	399,388	1,410	-	400,798	480,829
Projects		427,985	32,208	-	460,193	332,013
Events		40,107	3,000	-	43,107	-
Archive and Museum		102,316	14,164	-	116,480	90,736
Other	3, 17	469,619	11,042	-	480,661	514,161
<i>Governance costs</i>	3	44,369	-	-	44,369	36,273
<b>Total Resources Expended</b>		<b>1,483,784</b>	<b>61,824</b>	<b>-</b>	<b>1,545,608</b>	<b>1,454,012</b>
<b>Net (outgoing)/incoming resources</b>		<b>(79,532)</b>	<b>57,932</b>	<b>-</b>	<b>(21,600)</b>	<b>(67,249)</b>
<b>Other recognised gains/losses</b>						
Actuarial gains/(losses) on defined pension schemes	17	114,000	-	-	114,000	21,000
<b>Net movement in funds</b>		<b>34,468</b>	<b>57,932</b>	<b>-</b>	<b>92,400</b>	<b>(46,249)</b>
<b>Reconciliation of funds</b>						
Total funds brought forward		818,392	3,819,024	380,702	5,018,118	5,064,367
<b>Total funds carried forward</b>		<b>852,860</b>	<b>3,876,956</b>	<b>380,702</b>	<b>5,110,518</b>	<b>5,018,118</b>

## Balance Sheet & Cashflow Statement for the year ended 31 December 2006

		2006	2005
	Notes	£	£
<b>Fixed Assets</b>			
Intangible assets			
Tangible assets	7	41,611	47,590
Investments	8	4,597,037	4,056,369
<b>Total fixed assets</b>		<b>4,638,648</b>	<b>4,103,959</b>
<b>Current assets</b>			
Debtors	9	295,763	171,831
Investments	10	150,500	674,831
Cash at bank and in hand		117,610	240,951
<b>Total current assets</b>		<b>563,873</b>	<b>1,087,613</b>
<b>Liabilities</b>			
Creditors: Amounts falling due within one year:	11	304,003	309,454
<b>Net current assets</b>		<b>259,870</b>	<b>778,159</b>
<b>Total assets less current liabilities</b>		<b>4,898,518</b>	<b>4,882,118</b>
<b>Net assets excluding pension asset</b>		<b>4,898,518</b>	<b>4,882,118</b>
Defined benefit pension scheme asset	17	212,000	136,000
<b>Net assets including pension asset</b>		<b>5,110,518</b>	<b>5,018,118</b>
<b>The funds of the charity</b>			
Endowment funds	12	380,702	380,702
Restricted income funds	12	3,876,956	3,819,024
Unrestricted income funds		640,860	682,392
<b>Unrestricted income funds excluding pension asset</b>		<b>640,860</b>	<b>682,392</b>
Pension reserve		212,000	136,000
<b>Total unrestricted income funds</b>	13	<b>852,860</b>	<b>818,392</b>
<b>Total charitable funds</b>		<b>5,110,518</b>	<b>5,018,118</b>

		2006	2005
	Notes	£	£
Net cash (outflow) from operating activities	14	(308,121)	(288,119)
Return on investments & servicing of finance	14	221,291	234,371
Capital and investments expenditure	14	(560,842)	(21,796)
<b>(Decrease) in cash</b>		<b>(647,672)</b>	<b>(75,544)</b>
Reconciliation of net cash flow to movement on net funds:			
Net funds at 1 January	15	915,782	991,326
(Decrease) in cash	15	(647,672)	(75,544)
<b>Net funds at 31 December 2006</b>		<b>268,110</b>	<b>915,782</b>

## Notes to the accounts

### 1. Statement of Accounting Policies

#### a. Basis of accounting

The accounts have been prepared on the historical cost accounting basis for the year ended 31 December 2006, together with comparative figures for the year ended 31 December 2005 and in accordance with applicable accounting standards and the Statement of Recommended Practice (SORP) 'Accounting and Reporting by Charities' issued in March 2005. The presentation of the accounts complies with the Charities Act requirements under the charities SORP.

#### b. Income

All income is recorded exclusive of VAT.

##### *Management Services*

Income for management services is recognised on an accruals basis in accordance with the Service Level Agreement with Co-operatives<sup>UK</sup>.

##### *Course Fee*

Course Fees are recognised in line with the delivery of course.

##### *Grants and project funding*

Grants are recognised when received or in accordance with the conditions set by the funding provider.

Project income is recognised on actual work completed to the end of December 2005.

##### *Investment Income*

Investment income is recognised on an accruals basis.

#### c. Expenditure

Expenditure is recognised on an accruals basis. All expenditure is charitable expenditure. We would like to acknowledge that a number of College publications have been distributed without charge by co-operative societies.

#### d. Fixed assets

Fixed assets are stated at cost less accumulated depreciation. Depreciation is calculated in equal monthly amounts based on cost.

The following minimum rates apply:

Plant, fixtures and fittings	10% - 33% per annum
Motor vehicle	33% per annum
Information technology equipment	50% per annum

Assets are depreciated at the above minimum rates over their expected useful lives.

#### e. Funds

- Unrestricted funds are available for use in the day-to-day operations of the Trust.
- Restricted funds represent those amounts donated to the Trust and available for the specific purpose set out in note 12.
- Endowment funds represent donated monies where only the interest is available for the purpose specified by the donor.
- The Trust aims to consolidate a number of restricted and endowment funds that have become inactive into a co-operative education fund to ensure that they can be used effectively in the future. Such consolidation will follow further investigation into the original intent of such funds and formal consultation with the Charity Commission.
- In respect of the Co-operatives<sup>UK</sup> Staff Pension Scheme, of which the College is a participating employer, no designation of funds to meet future pension commitments at the balance sheet date is in place as the College anticipates meeting such commitments through existing cash flows, a situation that is subject to review in conjunction with actuarial valuations and related professional advice.

#### f. Pension

In accordance with FRS17 Retirement Benefits, the SOFA includes: the cost of benefits accruing during the year in respect of current and past service (charged against outgoing resources); the expected return on the scheme's assets and the increase in the present value of the scheme's liabilities arising from the passage of time (shown as pension finance charge); the actuarial gains/(losses) recognised (shown within the net movement of funds).

In accordance with FRS17, the balance sheet includes the surplus in the scheme taking assets at their year-end market values and liabilities at their actuarially calculated values discounted at year-end AA corporate bond interest rates. Further details regarding the scheme are disclosed in Note 17.

**g. Operating leases**

Rentals payable under operating leases are charged to income and expenditure accounts as they arise.

**h. Heritage assets**

Under FRS 15 heritage assets should be valued at cost or valuation. However such assets can be exempt from capitalisation if the cost of obtaining a valuation significantly outweighs the benefit or there is no reliable cost information available. The Archive and Museum assets of the College fall into this category and are held by the College or in trust with the College on behalf of the movement. The assets consist of a substantial archive collection together with museum artefacts. The College will keep the valuation of the assets under review.

**2. Grants****a. Projects**

Included in Projects is a contribution received from the Department for International Development in relation to the Strategic Grant Agreement. For the financial year to 31 December 2006 this was £95,336 (2005: £102,820).

During the year a grant from Co-operative Action (now known as the Co-operative Fund) was received in relation to the Co-operative Curriculum for Co-operative Sponsored Schools project. This was spent in accordance with Co-operative Action regulations.

**b. Grants**

	2006	2005
	£	£
LSC Grants	0	42,331
	<b>0</b>	<b>42,331</b>

### 3. Charitable Expenditure

#### Analysis of total resources expended

	Staff Costs £	Support Costs £	Other Direct Costs £	Restricted Funds £	Total 2006 £	Total 2005 £
<b>Charitable Activities</b>						
Courses	175,183	32,224	191,981	1,410	400,798	480,829
Projects	82,666	65,767	279,552	32,208	460,193	332,013
Events	0	35,049	5,058	3,000	43,107	
Archive & Museum	81,603	19,591	1,122	14,164	116,480	90,736
Other	216,300	191,733	61,586	11,042	480,661	514,161
Governance	12,144	31,925	300	-	44,369	36,273
	<b>567,896</b>	<b>376,289</b>	<b>539,599</b>	<b>61,824</b>	<b>1,545,608</b>	<b>1,454,012</b>

#### Analysis of support costs

	Courses £	Projects & Events £	Archive & Museum £	Other £	Governance £	Total 2006 £	Total 2005 £
Travel	12,893	21,969	1,403	8,561	7,159	51,985	16,178
Establishment Costs	-	-	3,538	52,009	1,850	57,397	63,432
Depreciation	9,536	-	3,606	9,686	-	22,828	23,880
VAT	-	-	-	40,232	-	40,232	30,147
Postage and telephone	2,932	2,870	1,570	15,440	438	23,250	22,260
Printing, stationery and publications	33	891	107	20,108	-	21,139	37,739
Audit Fees - audit work	-	-	-	-	10,472	10,472	14,958
Audit Fees - other work	-	-	-	-	1,585	1,585	-
Internal audit fees	-	-	-	-	8,844	8,844	6,400
Professional fees	-	24,591	1,000	23,914	-	49,505	57,507
Miscellaneous	6,830	50,495	8,367	21,783	1,577	89,052	76,101
	<b>32,224</b>	<b>100,816</b>	<b>19,591</b>	<b>191,733</b>	<b>31,925</b>	<b>376,289</b>	<b>348,602</b>

Total resources expended relate to both restricted and unrestricted funds. Expenses in relation to restricted funds are included in "Other" on the Statement of Financial Activities. All expenses for trustee meetings are borne by Co-operatives<sup>UK</sup>. The College Trust purchased indemnity insurance for 2006 at a cost to the Charity of £2,467 (2005 - £2,467).

#### 4. Employee Costs

The average number employed by the Trust was:

	2006	2005
Full time	13	14
Part time	7	7
	<b>20</b>	<b>21</b>
Full Time Equivalents	17	18

The costs incurred in respect of these employees (Including Senior Management Team) were:

	2006 £	2005 £
Salaries & Wages	465,601	482,450
Social security	42,318	46,889
Pension (see note 17)	86,000	98,000
Other	32,626	11,483
	<b>626,545</b>	<b>638,822</b>

#### 5. Board of Governors Remuneration

The Board of Governors received no remuneration in the performance of their duties (2005, £nil).

The Chair of the Board of Governors received an honorarium of £6,000 from Co-operatives<sup>UK</sup> for his services to co-operative education (2005, £6,000).

#### 6. Senior Management Remuneration

The total remuneration for Senior Management was as follows:

	2006 £	2005 £
Salaries	225,161	212,308
Taxable benefits	12,243	7,938
	<b>237,404</b>	<b>220,246</b>
Pension contributions	27,858	21,267
	<b>265,262</b>	<b>241,513</b>

The remuneration of the Chief Executive and Principal, who is the highest paid employee and is included in the above figures, is as follows:

Salaries	69,725	68,264
Taxable benefits	4,539	4,103
	<b>74,264</b>	<b>72,367</b>
Pension contributions	6,959	6,144
	<b>81,223</b>	<b>78,511</b>

The number of members of the senior management team (including Chief Executive & Principal) whose remuneration, excluding pension contributions, fell in the following £5,000 brackets:

	2006	2005
£30,001 - £35,000	2	2
£35,001 - £40,000	1	1
£40,001 - £45,000	-	-
£50,001 - £55,000	1	1
£60,001 - £65,000	-	-
£70,001 - £75,000	1	1
	<b>5</b>	<b>5</b>

## 7. Tangible Fixed Assets

	Motor Vehicles £	Plant, fixtures & fittings £	IT & Office Equipment £	Total £
<b>Cost</b>				
1 January 2006	33,981	28,225	97,663	159,869
Additions	19,078	1,189	-	20,267
Disposals	-	-	(93)	(93)
<b>31 December 2005</b>	<b>53,059</b>	<b>29,414</b>	<b>97,570</b>	<b>180,043</b>
<b>Depreciation</b>				
1 January 2006	26,763	5,865	79,651	112,279
Charge for year	12,139	3,843	10,171	26,153
<b>31 December 2006</b>	<b>38,902</b>	<b>9,708</b>	<b>89,822</b>	<b>138,432</b>
Net Book value 1 January 2006	7,218	22,360	18,012	47,590
Net Book value 31 December 2006	14,157	19,706	7,748	41,611

## 8. Fixed Asset Investments

	£
1 January 2006	4,056,369
Additions	500,000
Interest	40,668
<b>31 December 2006</b>	<b>4,597,037</b>

The investments represent funds placed with the Nationwide Building Society. All investments are held at market value.

**9. Debtors**

	<b>2006</b>	<b>2005</b>
	<b>£</b>	<b>£</b>
Trade debtors	122,683	147,982
Other debtors	5,000	-
Accrued income	155,208	17,913
Prepayments	12,872	5,936
	<b>295,763</b>	<b>171,831</b>

**10. Current Asset Investments**

	<b>2006</b>	<b>2005</b>
	<b>£</b>	<b>£</b>
Co-operative Bank	-	374,331
Co-operative Group (short term deposits)	150,500	300,500
	<b>150,500</b>	<b>674,831</b>

The investments represent funds placed with Co-operative Bank Plc and the Co-operative Group. All investments are held at market value.

**11. Creditors**

	<b>2006</b>	<b>2005</b>
	<b>£</b>	<b>£</b>
Trade creditors	51,712	46,661
Accruals	56,198	116,730
Deferred income	176,504	126,422
VAT	3,102	6,089
Taxation & social security	13,319	13,552
Sundry creditors	3,168	-
	<b>304,003</b>	<b>309,454</b>

## 12. Charitable Funds

	Balance 1 Jan 2006 £	Incoming Resources £	Resources Expended £	Actuarial Gains/(Losses) £	Balance 31 Dec 2006 £
<b>Endowments:</b>					
Lady Hayward Bequest	1,000	-	-	-	1,000
Capital Restoration	225,000	-	-	-	225,000
Endowment Fund	24,537	-	-	-	24,537
College Endowments (50th Anniversary)	130,165	-	-	-	130,165
	<b>380,702</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>380,702</b>
<b>Restricted Funds:</b>					
Neal Bequest	6,451	-	-	-	6,451
Scholarship & Lectureships	304,703	13,415	-	-	318,118
LSC IT Restricted Fund	9,819	-	(3,417)	-	6,402
Educational Development	58,183	49,088	(37,708)	-	69,563
Educational Support	53,315	-	(640)	-	52,675
Bert Youngjohns Memorial	11,382	254	(4,125)	-	7,511
Hughes & Neal	56,369	4,154	-	-	60,523
Emmanuel Booth	1,319	57	-	-	1,376
Endowment Fund Interest	2,942	1,068	-	-	4,010
College Endowments (50th Anniversary) Interest	15,606	5,668	-	-	21,274
Co-operative College Fund	3,269,059	-	-	-	3,269,059
Les Stannard	24,767	1,052	(1,770)	-	24,049
Co-operative College IT Fund	5,109	-	-	-	5,109
Co-operative Heritage Fund	-	45,000	(14,164)	-	30,836
	<b>3,819,024</b>	<b>119,756</b>	<b>(61,824)</b>	<b>-</b>	<b>3,876,956</b>
<b>Unrestricted Funds:</b>					
College Gifts	1,702	3	-	-	1,705
Revenue Reserves	680,690	1,392,252	(1,433,787)	-	639,155
Pension Reserve	136,000	12,000	(50,000)	114,000	212,000
	<b>818,392</b>	<b>1,404,255</b>	<b>(1,483,787)</b>	<b>114,000</b>	<b>852,860</b>
<b>Total charitable funds (as restated)</b>	<b>5,018,118</b>	<b>1,524,011</b>	<b>(1,545,611)</b>	<b>114,000</b>	<b>5,110,518</b>

The Trust intends to consolidate those funds currently inactive and classed as educational funds into one fund after consultation and agreement with the Charity Commission. The fund will remain restricted.

Sufficient resources are held in an appropriate form to enable each fund to be applied in accordance with any restrictions imposed.

### Analysis of net assets between funds

	Unrestricted Funds £	Restricted Funds £	Endowment Funds £	Total £
Tangible Assets	41,611	-	-	41,611
Fixed Asset Investments	339,379	3,876,956	380,702	4,597,037
Current Assets	559,375	-	-	559,375
Current Liabilities	(299,505)	-	-	(299,505)
Pension Asset (Note 17)	212,000	-	-	212,000
<b>Net Assets at 31 December 2006</b>	<b>852,860</b>	<b>3,876,956</b>	<b>380,702</b>	<b>5,110,518</b>

### 13. Unrestricted Funds

	2006 £	2005 £
Balance at 1 January	818,392	4,149,873
Deficit for year excluding actuarial gains/losses	(79,532)	(83,420)
Actuarial gains/losses	114,000	21,000
Movement to Restricted Funds	-	(3,269,059)
<b>Balance at 31 December</b>	<b>852,860</b>	<b>818,392</b>

#### 14. Reconciliation of Net Outgoing Resources to Net Cash Outflow from Operating Activities

	2006 £	2005 £
Outgoing resources before exceptional items	(21,600)	(67,249)
Depreciation charge	26,151	29,253
Increase/decrease in debtors	(119,433)	90,053
Decrease in creditors	(9,948)	(152,805)
Increase in employers pension liability	38,000	47,000
Interest allocated on funds	(221,291)	(234,371)
<b>Net cash outflow from operating activities</b>	<b>(308,121)</b>	<b>(288,119)</b>
<b>Return on investments and servicing of finance</b>		
<b>Interest receivable</b>	<b>221,291</b>	<b>234,371</b>
<b>Capital &amp; Investments</b>		
Payments to acquire tangible fixed assets	(20,174)	(20,476)
Purchase of investments	(540,668)	(1,320)
	<b>(560,842)</b>	<b>(21,796)</b>
<b>Net Cash Outflow from Operating Activities</b>	<b>(647,672)</b>	<b>(75,544)</b>

#### 15. Analysis of Net Funds

	At 1 January 2006 £	Cash flows £	At 31 December 2006 £
Cash at bank and in hand	240,951	(123,341)	117,610
Current asset investments	674,831	(524,331)	150,500
	<b>915,782</b>	<b>(647,672)</b>	<b>268,110</b>

#### 16. Contingent Liabilities and Capital Commitments

The Trust has no contingent liabilities or capital commitments as at the balance sheet date (2005 - £nil).

## 17. Pension Scheme

- a) a. The Co-operative College (the Employer) along with other employers participates in a defined benefit pension scheme in the UK (The Co-operatives<sup>UK</sup> Limited Staff Pension Scheme). A full actuarial valuation was carried out at 30 September 2004 and updated to 31 December 2006 by a qualified independent actuary. The service cost has been calculated using the Projected Unit method.

The major assumptions used by the actuary were :

	At year ended 31/12/06	At year ended 31/12/05	At year ended 31/12/04
Rate of increase in salaries	5.00%	4.80%	4.70%
Rate of increase of pensions in payment	3.00%	2.70%	2.70%
Rate of increase of pensions in deferment	3.00%	2.80%	2.70%
Discount rate	5.10%	4.70%	5.20%
Inflation assumption	3.00%	2.80%	2.70%

The Employer contributed to the Scheme at the rate of 10.3% of pensionable salaries for the whole of the period up to 31 December 2006.

The assets in the Scheme and the expected rates of return (\*) were:

	At year-end 31/12/2006	Value £000s	At year-end 31/12/2005	Value £000s	At year-end 31/12/2004	Value £000s
Equities	7.00%	446	6.60%	330	7.10%	2,444
Bonds	4.50%	468	4.10%	401	4.60%	3,037
Property	7.00%	174	6.60%	141	7.10%	1,107
Total market value of assets		1,088		872		6,588
Actuarial value of liability		(876)		(736)		(6,426)
Total surplus/(deficit) in the scheme		212		136		162

(\*) The rates quoted above are the expected net rates of return after allowance for expenses.

NOTE: The market value of the assets and the actuarial value of the liabilities for the year ended 31 December 2006 do not make any allowance for the liabilities in respect of members entitled to deferred pensions and members in receipt of pensions as these liabilities have been secured with CIS Limited and the corresponding assets offset one another. This approach is in line with the previous year and does not affect the balance sheet surplus or any of the profit and loss and the Statement of Financial Activities.

**b) Analysis of the amount included within charitable expenditure**

	Year to 31/12/2006 £000s	Year to 31/12/2005 £000s
Current service cost	86	98
Past service cost	-	-
<b>Total operating charge</b>	<b>86</b>	<b>98</b>

**c) Analysis of net return on scheme**

	Year to 31/12/2006 £000s	Year to 31/12/2005 £000s
Expected return on Scheme assets	49	46
Interest on pension liabilities	(37)	(34)
<b>Other finance income/(costs)</b>	<b>12</b>	<b>12</b>

**d) Analysis of amount of actuarial gain recognised in the Statement of Financial Activities (SOFA)**

	Year to 31/12/2006 £000s	Year to 31/12/2005 £000s
Actual return less expected return on assets	121	63
Experience gain on liabilities	8	46
Changes in assumptions	(15)	(88)
<b>Actuarial gain/(loss) recognised in SOFA</b>	<b>114</b>	<b>21</b>

**e) Movement in surplus during the year**

	Year to 31/12/2006 £000s	Year to 31/12/2005 £000s
Surplus in Scheme at beginning of year	136	162
Movement in year:		
(Current service cost)	(86)	(98)
Contributions	36	39
	-	-
Net return on assets/(interest cost)	12	12
Actuarial gain	114	21
<b>Surplus in Scheme at end of year</b>	<b>212</b>	<b>136</b>

## f) History of experience gains and losses

	year ended 31/12/06	year ended 31/12/05	year ended 31/12/04	year ended 31/12/03	year ended 31/12/02
<i>Difference between expected and actual return on Scheme assets:</i>					
amount (£000s)	121	63	(91)	(46)	47
percentage of Scheme assets	11.1%	7.2%	1.4%	0.8%	0.9%
<i>Experience gain/(loss) on Scheme liabilities:</i>					
amount (£000s)	8	46	202	420	175
percentage of Scheme liabilities	0.9%	6.3%	3.1%	7.2%	3.4%
<i>Total amount recognised in statement of total recognised gains and losses:</i>					
amount (£000s)	114	21	(126)	(82)	83
percentage of Scheme liabilities	13.0%	2.8%	2.0%	1.4%	1.6%

## 18. Related Party Transactions

The following are related party transactions, as defined by FRS8, together with details of notable transactions;

### a) Members of the Board of Governors

Individual members of the Board incurred costs on Trust business amounting to £5,938 (2005, £4,862)

### b) Co-operatives<sup>UK</sup> Limited

The Trust paid and received during the year a total of £128,102 and £195,691 respectively (2005 - £105,422 and £235,813) for services supplied on normal commercial terms. The balances owed by and to the Trust at the year end was £4,707 and £19,609 respectively (2005, £10,463 and £23,036). The Trust received a contribution from Co-operatives<sup>UK</sup> Limited of £23,500 (2005 - £23,500) towards the Co-operative Heritage Fund to support the work of the Archive and Museum.

## College Staff

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## Audit Committee 2006

**David Rodgers (Chair)** . . . Board member

**Stephen Galjaard** . . . . . Board member

**Dave Thomson** . . . . . Independent

## Board of Learning 2006

Mervyn Wilson (Chair)

Gillian Bober

Angela Colebrook

Chris Cooper

Russell Gill

Alison Hodgens

Gillian Lonergan

Nick Rowe (to May 2006)

Linda Shaw

Gary Wilton

## Archive Committee 2006

Stephen Yeo (Chair)

Nick Mansfield (Curatorial Advisor)

Joan Allen

Ian Andrews

Paul Arnold

Frank Dent

John Feather

Karen Froggatt

Gillian Lonergan

Sue Letts

John Walton (from October 2006)

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