



the
co-operative
college

Co-operative College Trust Annual
Report and Accounts 2008



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

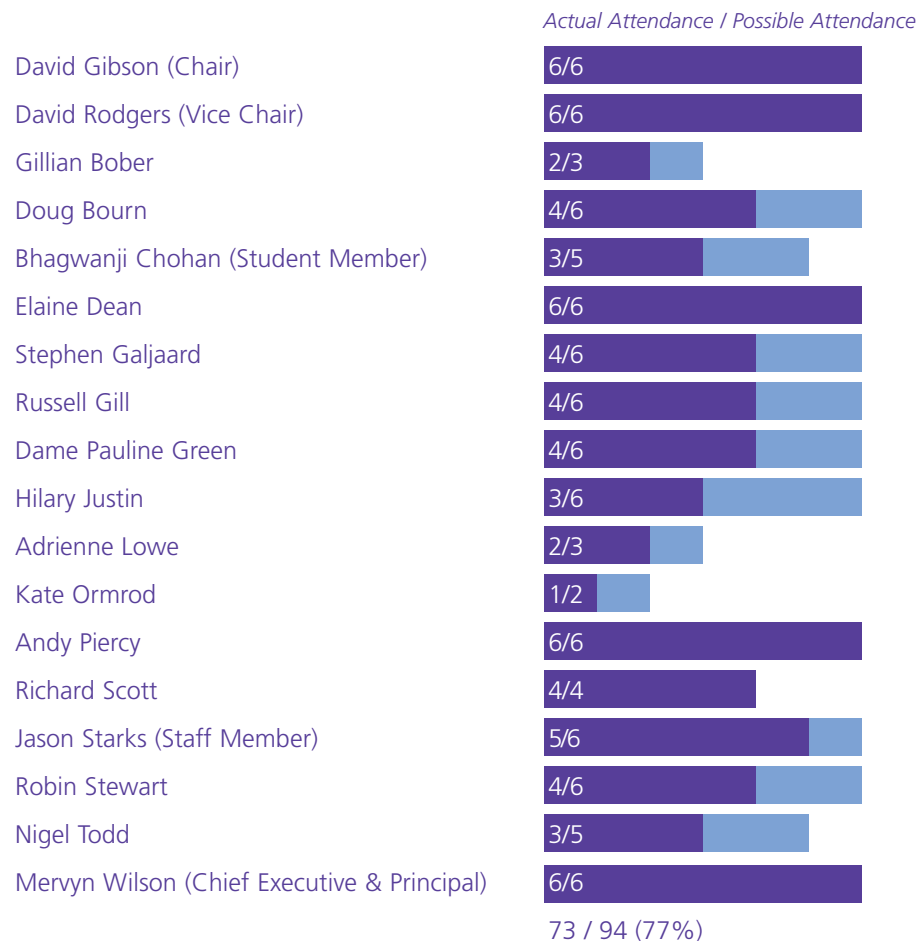
Co-operatives^{UK}
Holyoake House
Hanover Street
Manchester
M60 0AS

The Trustees, Governors, Officers and Advisors

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

Mervyn WilsonChief Executive and Principal
Chris CooperDirector of Learning and Development (Vice Principal)
Emma WillderHead of Finance and Corporate Services
Linda ShawHead of Research and Project Development
Gillian LonerganHead of Archive and Learning Resources
Mick SheldonHead of Vocational Learning
Julie ThorpeSchool and Youth Programmes Manager

Co-operatives^{UK} 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 2008 were:



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.

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 |
| Internal Auditors: | Bentley Jennison Risk Management Ltd 1 Hollinswood Court Stafford Park 1 Telford, Shropshire TF3 3DE |

Report

The Co-operative College Trustee and Governors present their Annual Report for the year ended 31 December 2008 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

This report demonstrates the progress of the College throughout 2008. The College expanded its range of activities during challenging economic conditions, and laid the foundations for significant growth during the coming year.

The global financial crisis has provided powerful proof of the contemporary relevance of co-operation and mutuality, and the College's pioneering work over the years and programmes that highlight co-operative identity and values means that it is now in a strong position to support co-operative and mutual enterprises in this difficult environment.

The College developed new activities in all four of its key areas of operation: developing members and managers, working with schools and young people, learning from our heritage and working with co-operatives globally.

In its work with managers, employees and members of co-operatives, the College established capacity to provide a wide range of vocational learning programmes in partnership with co-operative enterprises and the Learning and Skills Council.

At the same time the College's work with schools and young people expanded, particularly through the level of interest in co-operative trust schools – the ROCHDALE project to safeguard and develop the movement's heritage moved forward – and the College's global footprint is evidenced by work in over twenty countries.

The Board and Trustee record their sincere thanks to all College staff and associates for their work which has ensured the progress reported.

David Gibson CBE
Chair, Board of Governors

Structure Governance and Management

Governing Document

The charity is governed by a Trust Deed and the Instrument and Articles of Government dated 23 June 2004. The Trustee approved revisions to the Instrument and Articles in December 2008. These will be implemented in 2009 following ratification by the Department for Innovation, Universities and Skills.

Governing Bodies

The structure of the charity comprises a Corporate Trustee (Co-operatives^{UK}) 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 of Government. 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 periodic Board Skills Audit to identify future training and development needs.

Organisational Management

Co-operatives^{UK} 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 four times a year. The Board of Governors is chaired by David Gibson CBE. The Audit Committee, chaired by Stephen Galjaard, normally meets four times a year to consider financial and risk management issues, the Annual Report, annual audited accounts, the Half-Yearly Review, the College Strategic Plan and budget and to make recommendations to the Board on these subjects.

The Archive Committee is chaired by Professor Stephen Yeo, and reports to the Governors through committee minutes and an annual report. Following the establishment of the Co-operative Heritage Trust and the transfer of the College's heritage assets to the Trust, the reporting processes are being revised. The

Remuneration and Employment Committee reviews the remuneration package of the Chief Executive and Principal and senior post holders.

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^{UK} Corporate Governance Code of Best Practice, revised 2005, where 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 review of performance 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.

RSM Bentley Jennison continued as the Trust's internal auditor, and reviewed and reported on key areas of operation.

They reported in their internal audit annual report as follows:

Overall Conclusion

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 2008, the Co-operative College:

- Has adequate and effective risk management processes;
 - Has adequate and effective control processes; and
 - Has adequate and effective governance 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 regularly reviews and updates its risk register and plans to manage risks identified through its planning cycle. The Audit Committee has regularly reviewed the register and reported to the Board on actions by the College management to control risks.

Objects, Aims Objectives and Activities

Charitable Objectives

The object of the Charity as defined in the Trust Deed 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 inspirational learning and resources based on co-operative values and principles for individuals and organisations to support the development of sustainable co-operative, mutual and social enterprises throughout the world.

Strategic Objectives and Achievements during 2008

To be a well governed, effectively managed and financially sustainable charity.

- Being compliant with the Charity SORP and requirements of those providing funding to the Charity.
- Continuing to diversify the range of funding sources for the Charity.
- Maintaining reserves at an appropriate level

To create and develop successful relationships that enable all partners to build capacity.

- Maintaining and extending a range of partnerships in the UK and internationally, including the establishment of a partnership with the Learning and Skills Council to support vocational learning for co-operative enterprises.
- Extending Memoranda of Understanding with co-operative learning institutions worldwide.

- Building new partnerships, such as the Schools' Enterprise Education Network, to extend the scope and range of work with schools in the UK.
- Work in partnership with schools and others to establish co-operative trust schools within the state sector.
- Extending co-operative values programmes with co-operative enterprises internationally.

To provide inspiring and dynamic learning programmes.

The College has continued to build on the reputation for quality and inspirational learning programmes, achieving an average learner satisfaction of 91.2% for in-house programmes and 92% for open programmes, 6.2% and 17% respectively, above the College's benchmarks.

Learners' quotes

"I have better understanding of our values and principles. I am going to do things better and encourage greater understanding and involvement."

Dairy Farmer Council Member, UK

"The tutor's delivery was first class; he managed his audience well, anticipated 'tricky' questions from 'single issue' participants and responded firmly and authoritatively to them. He was a master of his subject."

Secretary, Foundation Hospital Trust, UK

"The trainer covered every area of this subject extremely well and all the staff participated with ease and enthusiasm. I thoroughly enjoyed attending this module and found the trainer to be very knowledgeable and helpful to all the staff."

Training Manager, Consumer Co-operative, UK

"This workshop really helped me to understand the roles and responsibilities of the director role I am considering undertaking. I think I will put my nomination in."

Potential Director, Fisherman's Co-operative, Australia

"The tutor has inspired me to spend more time upskilling myself on governance as it relates to my co-op and not to leave it to others."

Pharmacy Co-operative Director, New Zealand

To undertake research to generate an evidence base to inform policy and practice.

- Completion of participatory research and curriculum development programme with Ambo College in Ethiopia.
- Establishment of a new research and policy programme, Co-operatives for Development, with support from the Department for International Development (DFID).
- Helping to shape and undertake research with the African Co-operative Colleges under the CoopAfrica programme.
- A funded doctoral studentship under the CASE collaborative studentship scheme in partnership with the Open University.
- Provision of assistance to the Co-operative Group and others to feed into Government consultations on co-operative and international development issues.
- Commencing research on the history of Eurocoop, which represents consumers' co-operatives across Europe.
- The development of a series of research partnerships including University of Central Lancashire, the Open University, University of Saskatchewan, Katsetart University (Thailand), University of Reading.
- Organising a major academic conference on co-operatives *Can Values Make a Difference?* to be held in July 2009 with a consortium of North West Universities

To promote and develop the use of our co-operative heritage for the benefit of current and future generations.

- The successful establishment of the Co-operative Heritage Trust through collaboration with the Co-operative Group and Co-operatives^{UK}.
- The establishment of a fund by the Co-operative Group to support the Co-operative Heritage Trust.
- A wider range of researchers using the Archive.
- A wider range of volunteers working with the collections.
- Collaborative initiatives with other archives and museums.
- Receiving the Visitor Attraction Quality Assurance Scheme (VAQAS) award, recognising the quality of the Rochdale Pioneers Museum as a visitor attraction.
- Achieving accredited museum status awarded by the Museums, Libraries and Archives Council.

- Extending work with schools and young people to use the Museum and Archive collections as learning resources.

To develop our people using innovative methods to enhance organisational knowledge and skills.

- An effective range of personnel policies and practices from recruitment through induction to appraisal.
- An enhanced Colleague Development Programme from an introductory to Master's level including professional qualifications.
- An effective induction into the global work of the College, co-operative values and principles and the wider co-operative movement.
- Re-accreditation and development of Investor in People and ISO 9000:2001 Quality Assurance and Organisational Development standards.
- Strengthening the team of Specialist Associates, a core part of the College's team, to meet the expanding needs of the College and its clients.

Objectives for the Year

The College has developed a robust strategic planning process involving the Trustee, Board of Governors, key stakeholders, 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 at <http://www.co-op.ac.uk/governance.htm>.

Principal Activities for the Year

The principal activities for the year are detailed in the report on pages 8 to 10.

Volunteers

The College has encouraged and supported volunteers in appropriate areas of its activities.

Policies and procedures to involve and support volunteers have been reviewed and the College is exploring ways in which volunteers can be engaged in a wider range of activities in the future.

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Review of Achievement and Performance in the Year

Developing Members and Managers

Learning Programmes

During 2008 the College delivered a broad programme of in-house workshops, qualifications, activities and Board Skills and Performance Audits for **national, regional and local consumer, leisure and worker co-operatives** aimed at directors, members and employees. Updated Chartered Management Institute programmes were delivered for team leaders, frontline, middle and strategic managers. The College extended its range of tailored and qualification led programmes adding accreditation for the Diploma in Public Service Leadership.

Open Programmes attracted managers at Introductory, Certificate, Diploma and Postgraduate levels from an increased range of co-operative, mutual and social enterprises. The College continued its partnership with the Ethical Trading Initiative and delivered programmes exploring **ethical approaches to business**.

In the **Funeral co-operative sector** the College provided qualification led, work-based and off the job training to funeral operatives and arrangers, funeral directors and developed assessors and internal verifiers to assist in the quality assurance process. In partnership with the Co-operative Funeral Service Managers Association (CFSMA) and the National Association of Funeral Directors (NAFD) the College led training for assessors in the wider funeral sector.

With the support of **the Co-operative Fund**, the College designed a series of workshops for worker and smaller co-operatives and a module of **e-learning** on the wider co-operative movement.

The College expanded its work with **Strategic Health Authorities, Foundation Hospitals and Community Health Partnerships** including training for aspiring governors, members of Trusts, chairs and non-executive directors.

The College provided **Information Technology** workshops in Manchester and other locations for Co-operative Financial Services (CFS), the Co-operative Group and smaller co-operatives.

The College made a significant contribution to the **CFSMA** Conference, the **Human Relations Forum and the Community and Membership Exchange** which are events for professionals from across the co-operative and mutual healthcare sectors.

The **Fair and Square** project has worked to bring the issues around food and international development to the UK co-operative sector leading on a second successful Ethical Shopping conference held in London.

Working with Co-operatives Globally

During 2008 the College worked with a growing number of international partners to deliver research and education programmes in over 20 countries.

The College is a key partner in the DFID funded **Co-operative Facility for Africa** (CoopAfrica), which aims to improve the governance, performance and efficiency of co-operatives in the region. This involved participation in programmes, overall governance and the programme's Challenge Fund. The College undertook reviews of eight Co-operative Colleges and training centres in seven countries in East and Southern Africa. This research will inform capacity building support under the CoopAfrica programme.

A curriculum development programme, based on participatory methods, was concluded with Ambo College in Ethiopia, resulting in outreach courses for smallholder farmers and the wider co-operative sector.

Co-operatives for Development, a new research and policy programme, was launched in the spring of 2008 with support from DFID. The aim is to develop high quality research and evidence about the co-operative sector and international development. Dr Linda Shaw was appointed Head of Research and Dr Samantha Lacey as a researcher. Dr Linda Shaw has also been appointed Visiting Fellow to the School of Education and Social Science at the University of Central Lancashire

A funded **doctoral studentship** was awarded under the CASE scheme in partnership with the Open University. The focus of the research will be young people's engagement with African co-operatives looking in particular at initiatives in Lesotho and Uganda.

In Europe, the College has initiated the development of a **network of co-operative museums and archives** with the aim of developing joint projects, and a partnership with Eurocoop will see the College researching its history for its fiftieth anniversary.

The College arranged placements for 13 **Spanish Graduates from Andalucía** to local co-operatives or social enterprises, together with an 80 hour advanced English course to further their language skills.

The College continued with the **MOSE (Model of Social Enterprise) Partnership** mapping training for social enterprises across Europe with European partners.

The College delivered **Co-operative Identity, Governance and Finance** programmes to agricultural, producers, consumer and housing co-operatives in Australia and New Zealand and provided strategic level training and facilitation to the Board of the **International Co-operative Alliance (ICA)** and the **ICA Housing Board**.

The College continued to manage co-operative **post-tsunami reconstruction projects** in India and Indonesia on behalf of Co-operatives^{UK}, and worked with a range of partners to develop proposals for follow on programmes.

College visitors came from a wide section of the global movement – including China, Brazil, South Africa, Sweden, Germany and Australia.

Working with Schools and Young People

The College extended its work with schools and young people. The network of Co-operative Business and Enterprise Colleges welcomed Sutherland School in Telford, sponsored by Midcounties Co-operative Society, following its designation in September. The College is part of a consortium led by the Specialist Schools and Academies Trust that **successfully tendered to deliver Enterprise Education throughout England** under the Schools' Enterprise Education Network. Work commenced on **new resources for Fair and Ethical Trade** that will be mainstreamed to primary and secondary schools and further education colleges over the next two years.

The **www.school.coop website** continued to grow, and, through links to the National Enterprise Portal provides an important means of disseminating a wide range of learning resources to schools and colleges in the UK and globally.

The College supported schools in **developing links with the international co-operative movement**, with a successful European Union Comenius programme linking Forest Gate and St Peter's Schools with a co-operative school in the Mondragon region of Spain, building on well established links with Latvia and Italy, and new contacts in Central and Eastern Europe.

Young people from St Benet Bishop Catholic Business and Enterprise College in Northumberland and Sir Thomas Boughy Co-operative Business and Enterprise College in Staffordshire participated in a **Youth and Students Co-operatives Forum in Lesotho**. The schools established strong links of friendship and created the basis for Young Co-operatives trading, importing handicrafts and other goods produced by youth and student co-operatives in Southern Africa.

The transformation of a significant part of the state education system in England into multi-stakeholder co-operatives became a clear possibility as a result of the College's pioneering work on the **establishment of co-operative trusts**. Reddish Vale Technology College in Stockport became the first Trust to complete all the processes using the co-operative model in March 2008. By the end of the year, a further eight schools were nearing completion of the processes, and another **fifty schools working towards becoming co-operative trusts**. In September the Secretary of State announced new funding to support development of the membership aspect for the co-operative trust, setting the College **a target of a minimum of 100 co-operative trusts over the next two years**. With schools from Cornwall to Northumberland and East Anglia to the Borders now pursuing the lengthy processes towards becoming co-operative trusts, the basis of a national network is clearly in place.

Young Co-operatives, which provides an opportunity for young people to run their own mini co-operative enterprise in school, continued to develop including well supported opportunities to meet fair trade producers at Face to Face events in Southampton and York.

Learning from our Heritage

From January 2008, the **Co-operative Heritage Trust** took over all responsibility for the Rochdale Pioneers Museum and National Co-operative Archive, with the collections managed by the College on behalf of the Trust. The legal processes of the formal transfer of the Museum and Archive collections to the Trust were completed thanks to the generous support of the Co-operative Group, Co-operatives^{UK} and the College Board. A formal management agreement with the Trust is now in place, with the College managing the Rochdale Pioneers Museum and National Co-operative Archive on behalf of the Trust.

During 2008, the Co-operative Heritage Trust was awarded a Stage One Pass by the Heritage Lottery Fund for the **ROCHDALE (Renewing Our Co-operative Heritage, Developing Archives and Learning Experiences) project**. This gives a positive indication of support and the Stage Two application will be submitted during 2009.

The project involves the provision of a dedicated education space, improvements in access and new exhibitions at the Rochdale Pioneers Museum, conservation work at both the Museum and National Co-operative Archive and the **development of learning resources using the collections of the Archive and Museum**.

The Rochdale Pioneers Museum received the **VAQAS award**, recognising it as a quality visitor attraction and was also granted **Accredited Museum status** during 2008, achieving the standards set by the Museums, Libraries and Archives Council. Accreditation, along with the higher standard of Designation awarded to the Archive in 2007 give the Archive and Museum recognition within the heritage sector.

The Archive collaborated with Urbis, the Manchester exhibition centre about city life in a project called **A Woman's Place**, through *Their Past, Your Future* funding. This developed learning experiences and activities using Archive materials looking at the role of women especially during times of conflict.

Success with two applications for projects funded by the Museums, Libraries and Archives Council North West has enabled teachers from six schools to work with Archive materials to develop learning materials that will be made accessible through the **www.school.coop website**.

Cataloguing and repackaging of Archive collections has progressed, with catalogues being made accessible through the www.archiveshub.ac.uk website.

Work with the Co-operative Group on identification and deposit of archive collections has continued during the year.

The **Archive made its first purchase** of archive materials when a collection of 31 George Jacob Holyoake letters came up for sale. These have now been added to the Holyoake correspondence collection.

Volunteers and students undertaking fieldwork placements have continued to contribute to the Archive and Museum during the year, helping to catalogue collections in the Archive and helping to staff the Museum at busy times. Their work is greatly appreciated.

Future Plans

The College Strategic Plan for 2009-2011 approved by the Board of Governors and Trustee accelerates progress towards the achievement of the College vision.

In the coming period the College will significantly expand, with turnover and staff expected to grow rapidly over the next two years through the provision of a wider range of services to the co-operative and mutual sector in the UK and internationally. In 2009 the College will:

- Continue its work to diversify income streams and build a wider range of partnerships in the UK, Europe and globally.
- Establish a range of funded vocational learning opportunities for co-operative members, managers and employees.
- Build its research capacity through the strengthening of the Research and Policy Unit, and extending collaboration with the higher education sector.
- Strengthen its work with the education sector through the creation of a national network of co-operative trust schools and embedding co-operative enterprise in the curriculum.
- Introducing, in partnership with awarding bodies, appropriate qualifications and mainstreaming the Young Co-operatives model of enterprise and the introduction of an Ethical Enterprise Day in Enterprise Week.
- Provide support for societies to engage with schools through Trusts, Academies, curriculum inputs and diplomas.
- Support new areas of co-operative development in the UK and ensure that the College can provide effective learning support to them.

- Lead in developing new partnerships to build capacity to support the growth of the co-operative sector throughout the world.
- Continue to improve quality in all aspects, updating learning programmes, ensuring they address emerging issues and remain cutting edge, and maintaining ISO 9000-2001 accreditation.
- Maintain IIP Investors in People accreditation and working towards Investors in Volunteers and ISO 14001 2004 environmental accreditation.
- Continuing to develop the use of the movement's heritage to help inspire new generations of co-operators.

In all the above the College will aim to become indispensable to the UK co-operative movement as a learning provider and a knowledge base and aim to be the first port of call for co-operative expertise for directors, members and managers, and to lead in developing global co-operative leadership programmes.

Investment Performance against Objectives

The return on investments for unrestricted funds in 2008 was £234,498, which was an increase of 4.5% on the budgeted figure, and an increase of 3% on 2007, reflecting higher interest rates in the early part of the year. 2009 investment income is expected to suffer from the lower interest rates now in force, although this will be mitigated in some part by fixed term investments placed during the first three quarters of 2008.

Financial Review and Results for the Year

In 2008 the College undertook a strategy to build capacity to maintain the quality of provision central to the growth of the College. This is reflected in an underlying operational deficit of £21,381 before FRS 17 adjustments, a good performance, ahead of the budgeted deficit of £27,612.

After FRS 17 adjustments this resulted in a deficit of £60,080 (2007 deficit: £24,059).

The FRS 17 note details exceptional income and costs arising from the curtailment of the Co-operatives^{UK} Limited staff pension scheme in which the College was a participant. The scheme transferred into the Co-operative Group PACE pension scheme in March 2009.

Cash and investment balances at 31 December 2008 were £4,674,505. Restricted funds accounted for £3,911,678.

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. 28 learners benefited from such scholarships during 2008.

Reserves Policy

The College Board and Trustee review the appropriate level of unrestricted reserves annually to take account of the risks associated with each area of its operations. Based on an assessment of risks arising from activities planned for 2009 and taking account of the forward strategic plan the Board and Trustee have agreed that unrestricted reserves should not fall below £500,000 or be above £750,000.

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 Co operative Group.

The accounts and notes on pages 14 to 29 are hereby signed by:

On behalf of the Trustee:

Ben Reid

Chair, Co-operatives^{UK} Board of Directors

Dame Pauline Green

Chief Executive, Co-operatives^{UK}

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 March 2009

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 Trustee to ensure that, where any statements of accounts are prepared by it 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 four 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^{UK} 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.

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 2008 which comprise the Statement of Financial Activities, Statement of Total Recognised Gains and Losses, 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 12.

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 Trustee's 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 14 to 16 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-operatives^{UK} 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 Trustee 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 2008 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 March 2009

Statement of Financial Activities for the year ended 31 December 2008

| | Notes | Unrestricted Funds £ | Restricted Funds £ | Endowment Funds £ | Total Funds Dec 2008 £ | Prior Year Funds 2007 £ |
|---|-------|----------------------------|--------------------------|-------------------------|------------------------------|-------------------------------|
| Incoming Resources | | | | | | |
| <i>Incoming resources from generated funds</i> | | | | | | |
| Voluntary income | | 174,874 | 41,055 | - | 215,929 | 217,889 |
| Investment income | | 234,498 | 34,613 | - | 269,111 | 259,404 |
| <i>Incoming resources from charitable activities</i> | | | | | | |
| Management Services | | 110,000 | - | - | 110,000 | 110,000 |
| Learning & Development | | 447,827 | - | - | 447,827 | 483,459 |
| Projects & Partnerships | 2a | 653,545 | - | - | 653,545 | 481,034 |
| Events | | 30,121 | - | - | 30,121 | 31,804 |
| Archive and Museum | | 4,205 | - | - | 4,205 | 3,201 |
| Other | | 30,498 | - | - | 30,498 | 44,388 |
| <i>Pension finance income</i> | | 4,000 | - | - | 4,000 | 18,000 |
| Total incoming resources | | 1,689,568 | 75,668 | - | 1,765,236 | 1,649,179 |
| Resources Expended | | | | | | |
| <i>Charitable activities</i> | | | | | | |
| Learning & Development | 3 | 494,041 | 4,050 | - | 498,091 | 477,516 |
| Projects & Partnerships | | 498,375 | 27,000 | - | 525,375 | 453,681 |
| Events | | 13,744 | 5,500 | - | 19,244 | 33,828 |
| Archive and Museum | | 176,659 | 5,911 | - | 182,570 | 200,181 |
| Other | 3, 17 | 537,649 | 10,906 | - | 548,555 | 466,903 |
| <i>Governance costs</i> | 3 | 51,481 | - | - | 51,481 | 41,129 |
| Total Resources Expended | | 1,771,949 | 53,367 | - | 1,825,316 | 1,673,238 |
| Net incoming/(outgoing) resources before exceptional items | | (82,381) | 22,301 | - | (60,080) | (24,059) |
| Curtailment gain on defined benefit pension scheme | | 181,000 | - | - | 181,000 | 0 |
| Net incoming/(outgoing) resources for the year | | 98,619 | 22,301 | 0 | 120,920 | (24,059) |

Statement of Total recognised Gains and Losses

| | | | | | | |
|---|----|-----------------|------------------|----------------|------------------|------------------|
| Net incoming/(outgoing) resources for the year | | 98,619 | 22,301 | - | 120,920 | (24,059) |
| Actuarial gains/(losses) on defined benefit pension schemes | 17 | 199,000 | - | - | 199,000 | (162,000) |
| Benefit Improvement | 17 | (76,000) | - | - | (76,000) | - |
| Effect of Surplus Cap on pension scheme | 17 | (259,000) | - | - | (259,000) | - |
| Net movement in funds | | (37,381) | 22,301 | 0 | (15,080) | (186,059) |
| Reconciliation of funds | | | | | | |
| Total funds brought forward | | 654,380 | 3,889,377 | 380,702 | 4,924,459 | 5,110,518 |
| Total funds carried forward | | 616,999 | 3,911,678 | 380,702 | 4,909,379 | 4,924,459 |

Balance Sheet for the year ended 31 December 2008

| | | 2008 | 2007 |
|--|-------|------------------|------------------|
| | Notes | £ | £ |
| Fixed Assets | | | |
| Tangible assets | 7 | 41,037 | 44,552 |
| Investments | 8 | 4,098,271 | 4,064,052 |
| Total fixed assets | | 4,139,308 | 4,108,604 |
| Current assets | | | |
| Debtors & prepayments | 9 | 432,724 | 441,526 |
| Investments | 10 | 533,768 | 509,331 |
| Cash at bank and in hand | | 42,466 | 44,320 |
| Total current assets | | 1,008,958 | 995,177 |
| Liabilities | | | |
| Creditors: Amounts falling due within one year: | | | |
| Net current assets | 11 | 238,887 | 195,323 |
| | | 770,071 | 799,854 |
| Total assets less current liabilities | | 4,909,379 | 4,908,458 |
| Net assets excluding pension asset | | 4,909,379 | 4,908,458 |
| Defined benefit pension scheme asset | 17 | - | 16,000 |
| Net asset including pension asset | | 4,909,379 | 4,924,458 |
| The funds of the charity | | | |
| Endowment funds | 12 | 380,702 | 380,702 |
| Restricted income funds | 12 | 3,911,678 | 3,889,377 |
| Unrestricted income funds | 13 | 616,999 | 638,380 |
| Unrestricted income funds excluding pension asset | | 616,999 | 638,380 |
| Pension reserve from defined benefit pension scheme | | - | 16,000 |
| Total unrestricted income funds | 13 | 616,999 | 654,380 |
| Total charity funds | | 4,909,379 | 4,924,459 |

Cashflow Statement for the year ended 31 December 2008

| | | 2008 | 2007 |
|--|-------|----------------|----------------|
| | Notes | £ | £ |
| Net cash (outflow) from operating activities | 14 | (190,019) | (524,281) |
| Return on investments & servicing of finance | 14 | 269,111 | 259,405 |
| Sale/(Purchase) of Fixed Asset Investments | 14 | (56,509) | 550,418 |
| Increase/(Decrease) in cash | | 22,583 | 285,542 |
| Reconciliation of net cash flow to movement on net funds: | | | |
| Net funds at 1 January | 15 | 553,651 | 268,110 |
| Increase in cash | 15 | 22,583 | 285,541 |
| Net funds at 31 December 2008 | | 576,234 | 553,651 |

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 2008, together with comparative figures for the year to 31 December 2007 and in accordance with applicable accounting standards and the statement of recommended practice 'Accounting and Reporting by Charities' issued in March 2005. The presentation of the accounts comply 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^{UK}.

Learning & Development

Fees are recognised in line with the delivery of the course with the organisation involved.

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 2008.

Investment Income

Investment income is recognised on an accruals basis.

c. Expenditure

Expenditure is recognised on an accruals basis. All expenditure received from funders is spent in accordance with the terms of the specific funding agreements. All other expenditure is spent in line with the appropriate income, or in the case of core costs (staffing, rent etc) in line with invoices and contracts of employment.

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 vehicles | 33% per annum |
| Information technology equipment | 50% per annum |

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

Expenditure incurred on the acquisition of assets other than land and buildings will be recorded in the balance sheet where the acquisition cost per item is £500 or more. Grouped items (such as a suite of computers) with an individual value of less than £500, but a group value of £500 or more are capitalised.

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 effectively inactive into a co-operative education fund to ensure that they can be used effectively in the future. Such consolidation will follow the introduction of the 3rd commencement order following the Charities Act 2006.

f. Pension

The Co-operative College participates in a pension scheme operated by Co-operatives UK Limited providing benefits based on final pensionable pay. Pension scheme accruals ceased on 31 December 2008.

From 1 January 2009 The Co-operative College was accepted into the Co-operative Group PACE scheme.

All the assets and liabilities are to be transferred over to the PACE on or after 2 March 2009.

Pension scheme assets are measured using market values. Pension scheme liabilities are measured using a 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 pension scheme surplus (to the extent that it is recoverable) or deficit is recognised in full. The movement in the scheme surplus/deficit is split between operating charges, finance items and, in the statement of total recognised gains and losses, actuarial gains and losses.

Further details regarding the scheme are disclosed in note 17.

g. Operating leases

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

h. Reserves

The reserves policy is detailed on page 11.

2. Grants

a. Projects

During the year a grant from 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 Fund regulations.

Included in Projects are contributions received from the Department for International Development in relation to the following projects.

| | 2008 £ | 2007 £ |
|---|----------------|---------------|
| Strategic Grant Agreement (ended March 2007) | - | 38,667 |
| DAF - Young Co-operatives (from July 2007) | 54,532 | 19,046 |
| DAF - Food and the Concerned Consumer (from April 2007) | 82,390 | 17,771 |
| Research and Policy Unit (Co-operatives for International Development) | 98,839 | - |
| | 235,761 | 75,484 |

b. Grants

| | 2008 £ | 2007 £ |
|------------|---------------|--------------|
| LSC Grants | 45,000 | 2,422 |
| | 45,000 | 2,422 |

3. Charitable Expenditure

Analysis of total resources expended

| | Staff Costs £ | Support Costs £ | Other Direct Costs £ | Restricted Funds £ | Total 2008 £ | Total 2007 £ |
|------------------------------|------------------|-----------------------|----------------------------|--------------------------|------------------|------------------|
| Charitable Activities | | | | | | |
| Learning & Development | 231,523 | 65,891 | 196,627 | 4,050 | 498,091 | 477,516 |
| Project & Partnerships | 180,048 | 137,777 | 180,550 | 27,000 | 525,375 | 453,681 |
| Events | - | 4,919 | 8,825 | 5,500 | 19,244 | 33,828 |
| Archive & Museum | 125,808 | 50,851 | - | 5,911 | 182,570 | 200,181 |
| Other | 339,877 | 183,450 | 14,322 | 10,906 | 548,555 | 466,903 |
| Governance | 11,781 | 30,920 | 8,780 | - | 51,481 | 41,129 |
| | 889,037 | 473,808 | 409,104 | 53,367 | 1,825,316 | 1,673,238 |

Analysis of support costs

| | Learning & Development £ | Projects & Partnerships £ | Events £ | Archive & Museum £ | Other £ | Governance £ | Total 2008 £ | Total 2007 £ |
|---------------------------------------|--------------------------------|---------------------------------|--------------|--------------------------|----------------|-----------------|-----------------|-----------------|
| Travel | 28,701 | 56,982 | 1,955 | 2,041 | 5,980 | 1,042 | 96,701 | 67,443 |
| Establishment Costs | 1,290 | 8,772 | - | 21,418 | 41,775 | 2,363 | 75,618 | 65,500 |
| Depreciation | 6,454 | 622 | - | 3,160 | 12,554 | 247 | 23,037 | 18,081 |
| VAT | - | - | - | - | 43,689 | - | 43,689 | 42,370 |
| Postage and telephone | 3,932 | 2,922 | - | 1,272 | 14,022 | 383 | 22,531 | 22,000 |
| Printing, stationery and publications | 3,658 | 4,114 | 24 | 996 | 37,953 | 53 | 46,798 | 48,582 |
| Audit Fees - audit work | - | - | - | - | - | 14,135 | 14,135 | 12,425 |
| Audit Fees - other work | - | - | - | - | 1,675 | - | 1,675 | 2,623 |
| Internal audit fees | - | - | - | - | - | 9,416 | 9,416 | 7,332 |
| Professional fees | - | 11,970 | - | 6,869 | 2,693 | - | 21,532 | 21,531 |
| Miscellaneous | 21,856 | 52,395 | 2,940 | 15,095 | 23,109 | 3,281 | 118,676 | 41,792 |
| | 65,891 | 137,777 | 4,919 | 50,851 | 183,450 | 30,920 | 473,808 | 349,679 |

Total resources here relate to unrestricted funds. Expenses in relation to restricted fund are included in other on the Statement of Financial Activities. No expenses were reimbursed to the trustee during the year. All expenses for trustee meetings are borne by Co-operatives^{UK}. The College Trust purchased indemnity insurance for 2008 at a cost to the Charity of £2,363 (2007 - £2,585).

4. Employee Costs

The average number employed by the Trust was:

| | 2008 | 2007 |
|-----------------------|-----------|-----------|
| Full time | 15 | 12 |
| Part time | 11 | 9 |
| | 26 | 21 |
| Full Time Equivalents | 21 | 17 |

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

| | 2008 £ | 2007 £ |
|-----------------------|----------------|----------------|
| Salaries & Wages | 666,099 | 525,842 |
| Social security | 67,849 | 53,279 |
| Pension (see note 17) | 52,418 | 94,000 |
| Other | 37,671 | 23,132 |
| | 824,037 | 696,253 |

5. Board of Governors Remuneration

The Board of Governors received no remuneration in the performance of their duties, (2007 - £nil). The Chair of the Co-operative College Board received an honorarium of £6,000 from Co-operatives^{UK} for his services to Co-operative education (2007 - £6,000).

6. Senior Management Remuneration

The total remuneration for Senior Management was as follows:

| | 2008 £ | 2007 £ |
|-----------------------|----------------|----------------|
| Salaries | 301,637 | 253,161 |
| Taxable benefits | 7,566 | 7,566 |
| | 309,203 | 260,727 |
| Pension contributions | 30,210 | 26,721 |
| | 339,412 | 287,448 |

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 | 92,121 | 86,700 |
| Taxable benefits | 4,006 | 4,006 |
| | 96,127 | 90,706 |
| Pension contributions | 9,489 | 8,930 |
| | 105,616 | 99,636 |

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:

| | 2008 | 2007 |
|-------------------|----------|----------|
| £5,001 - £10,000 | 2* | - |
| £30,001 - £35,000 | - | 2 |
| £35,001 - £40,000 | 1 | 1 |
| £40,001 - £45,000 | 1 | - |
| £45,001 - £50,000 | 1 | - |
| £65,001 - £70,000 | 1 | 1 |
| £85,001 - £90,000 | - | 1 |
| £90,001 - £95,000 | 1 | - |
| | 7 | 5 |

* denotes part year only

7. Tangible Fixed Assets

| | Motor Vehicles £ | Plant, Fixtures & Fittings £ | IT & Office Equipment £ | Total £ |
|--|------------------------|------------------------------------|-------------------------------|----------------|
| Cost | | | | |
| 1 January 2008 | 36,350 | 30,009 | 38,062 | 104,421 |
| Additions | - | 4,112 | 18,179 | 22,291 |
| Disposals | - | - | - | - |
| 31 December 2008 | 36,350 | 34,121 | 56,241 | 126,712 |
| Depreciation | | | | |
| 1 January 2008 | 17,504 | 12,817 | 29,548 | 59,869 |
| Charge for year | 11,752 | 3,740 | 10,314 | 25,806 |
| Disposals | - | - | - | - |
| 31 December 2008 | 29,256 | 16,557 | 39,862 | 85,674 |
| Net Book value 1 January 2008 | 18,847 | 17,192 | 8,513 | 44,552 |
| Net Book value 31 December 2008 | 7,094 | 17,564 | 16,378 | 41,037 |

8. Fixed Asset Investments

| | £ |
|---------------------------------------|------------------|
| 1 January 2008 | 4,064,052 |
| Transfer to current asset investments | (64,052) |
| Interest | 98,271 |
| 31 December 2008 | 4,098,271 |

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

9. Debtors

| | 2008 £ | 2007 £ |
|----------------|----------------|----------------|
| Trade Debtors | 92,742 | 185,030 |
| Other Debtors | 13,383 | 8,856 |
| Accrued Income | 314,492 | 228,768 |
| Prepayments | 12,107 | 18,872 |
| | 432,724 | 441,526 |

10. Current Asset Investments

| | 2008 £ | 2007 £ |
|--|----------------|----------------|
| Co-operative Group (short term deposits) | 533,768 | 509,331 |
| | 533,768 | 509,331 |

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

11. Creditors

| | 2008 £ | 2007 £ |
|----------------------------|----------------|----------------|
| Trade Creditors | 72,722 | 45,724 |
| Accruals | 42,455 | 49,476 |
| Deferred Income | 92,068 | 72,827 |
| VAT | 5,830 | 7,660 |
| Taxation & Social Security | 23,941 | 18,478 |
| Sundry Creditors | 1,871 | 1,158 |
| | 238,887 | 195,323 |

12. Charitable Funds

| | Balance 1 Jan 2008 £ | Incoming Resources £ | Resources Expended £ | Actuarial Gains/(Losses) £ | Balance 31 Dec 2008 £ |
|--|-------------------------|----------------------------|----------------------------|----------------------------------|-----------------------------|
| Endowments: | | | | | |
| Capital Restoration | 225,000 | - | - | - | 225,000 |
| College Endowments (50th Anniversary) | 130,165 | - | - | - | 130,165 |
| Endowment Fund | 24,537 | - | - | - | 24,537 |
| Lady Hayward Bequest | 1,000 | - | - | - | 1,000 |
| | 380,702 | - | - | - | 380,702 |
| Restricted Funds: | | | | | |
| Bert Youngjohns Memorial | 7,933 | 465 | - | - | 8,398 |
| College Endowments (50th Anniversary) Interest | 28,581 | 7,630 | - | - | 36,211 |
| Co-operative College Fund | 3,269,059 | - | - | - | 3,269,059 |
| Co-operative College IT Fund | 5,109 | - | - | - | 5,109 |
| Educational Development | 81,316 | 41,005 | (40,101) | - | 82,220 |
| Educational Support | 46,791 | - | (4,050) | - | 42,741 |
| Emmanuel Booth | 1,453 | 85 | - | - | 1,538 |
| Endowment Fund Interest | 5,388 | 1,439 | - | - | 6,827 |
| Hughes & Neale | 64,052 | 3,810 | - | - | 67,862 |
| Les Stannard | 25,400 | 1,489 | - | - | 26,889 |
| LSC IT Restricted Fund | 3,305 | - | (3,305) | - | 0 |
| Neal Bequest | 6,451 | - | - | - | 6,451 |
| Scholarship & Lectureships | 335,977 | 19,695 | - | - | 355,672 |
| Co-operative Heritage Fund | 5,911 | - | (5,911) | - | 0 |
| Southern Co-operative | 2,650 | 50 | - | - | 2,700 |
| | 3,889,377 | 75,668 | (53,367) | 0 | 3,911,678 |
| Unrestricted Funds: | | | | | |
| Pension Reserve | 16,000 | 185,000 | (65,000) | (136,000) | 0 |
| College Gifts | 1,705 | - | - | - | 1,705 |
| Revenue reserves | 636,675 | 1,685,568 | (1,706,949) | - | 615,294 |
| | 654,380 | 1,870,568 | (1,771,949) | (136,000) | 616,999 |
| Total charitable funds | 4,924,459 | 1,946,236 | (1,825,316) | (136,000) | 4,909,379 |

The Trust intends to consolidate those funds that are 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 | 41,037 | - | - | 41,037 |
| Fixed Asset Investments | - | 3,717,569 | 380,702 | 4,098,271 |
| Current Assets | 814,849 | 194,109 | - | 1,008,958 |
| Current Liabilities | (238,887) | - | - | (238,887) |
| Pension Asset | - | - | - | 0 |
| | 616,999 | 3,911,678 | 380,702 | 4,909,379 |

13. Unrestricted Funds

| | 2008 £ | 2007 £ |
|---|----------------|----------------|
| Balance at 1 January | 654,380 | 852,860 |
| Surplus/(deficit) for year excluding actuarial gains/(losses) | 98,619 | (36,480) |
| Actuarial gains/losses | (136,000) | (162,000) |
| Movement to Restricted Funds | - | - |
| Balance at 31 December | 616,999 | 654,380 |

14. Reconciliation of Net Incoming / (Outgoing) Resources to Net Cash (Outflow)/Inflow from Operating Activities

| | 2008 £ | 2007 £ |
|--|------------------|------------------|
| Incoming resources before exceptional items | (60,080) | (24,059) |
| Depreciation charge | 25,806 | 21,177 |
| (Profit) on sale of fixed assets | - | (7,551) |
| Decrease in debtors | 8,802 | (145,763) |
| Increase in creditors | 43,564 | (108,681) |
| Pension fund costs | 61,000 | - |
| Interest allocated on funds | (269,111) | (259,405) |
| Net cash inflow/(outflow) from operating activities | (190,019) | (524,281) |

Return on Investments and Service of Financing

| | | |
|----------------------------|----------------|----------------|
| Interest receivable | 269,111 | 259,405 |
|----------------------------|----------------|----------------|

Capital & Investments

| | | |
|---|-----------------|----------------|
| Payments to acquire tangible fixed assets | (22,291) | (24,119) |
| Proceeds from sale of fixed assets | - | 7,551 |
| Sale/(Purchase) of investments | (34,218) | 566,985 |
| Sale of investments | (56,509) | 550,418 |

| | | |
|--|---------------|----------------|
| Net Cash Inflow / (Outflow) from Operating Activities | 22,583 | 285,541 |
|--|---------------|----------------|

15. Analysis of Net Funds

| | At 1 January 2008 £ | Cash flows £ | At 31 December 2008 £ |
|---------------------------|---------------------------|--------------------|-----------------------------|
| Cash at bank and in hand | 44,320 | (1,854) | 42,466 |
| Current asset investments | 509,331 | 24,437 | 533,768 |
| | 553,651 | 22,583 | 576,234 |

16. Contingent Liabilities & Capital Commitments

The Trust has no contingent liabilities or capital commitments as at the balance sheet date (2007 - £nil).

17. Pension Scheme

The Co-operative College (the Employer) along with other employers was a participant in a defined benefit pension scheme in the UK (The Co-operatives^{UK} Staff Pension Scheme) see Note 1f. (The current practice of increasing pensions in line with inflation is included in the measurement of the defined benefit obligation.)

| | 2008 | 2007 |
|---|--------------|--------------|
| | £000s | £000s |
| Change in benefit obligation | | |
| Benefit obligation at beginning of year | 1,189 | 876 |
| Current service cost | 116 | 94 |
| Interest cost | 69 | 47 |
| Plan participants' contributions | 32 | 26 |
| Actuarial (gains)/losses | (235) | 196 |
| Benefit improvement * | 76 | - |
| Curtailments | (181) | - |
| Benefits paid | (12) | (50) |
| Benefit obligation at end of year | 1,054 | 1,189 |
| Analysis of defined benefit obligation | | |
| Plans that are wholly unfunded | 1,054 | 1,189 |
| Total | 1,054 | 1,189 |
| Change in plan assets | | |
| Fair value of plan assets at beginning of year | 1,205 | 1,088 |
| Expected return on plan assets | 73 | 65 |
| Actuarial gains/(losses) ** | (36) | 34 |
| Employer contribution | 51 | 42 |
| Member contributions | 32 | 26 |
| Benefits paid | (12) | (50) |
| Fair value of plan assets at end of year | 1,313 | 1,205 |
| Funded status | 259 | 16 |
| Effect of surplus cap | (259) | - |
| Net amount recognised | - | 16 |

| | 2008 £000s | 2007 £000s |
|---|---------------|---------------|
| Components of pension cost | | |
| Current service cost | 116 | 94 |
| Interest cost | 69 | 47 |
| Expected return on plan assets | (73) | (65) |
| Effect of curtailments or settlements | (181) | - |
| Total pension cost recognised in the P&L account | (69) | 76 |
| Actuarial (gains)/losses immediately recognised | (199) | 162 |
| Effect of surplus cap | 335 | - |
| Total pension cost recognised in the STRGL | 136 | 162 |
| Cumulative amount of actuarial(gains)/losses immediately recognised | 289 | 153 |

Plan assets

The weighted-average asset allocation at the year-end were as follows:

| Asset category | 2008 | 2007 |
|----------------|-------------|-------------|
| Equities | 35% | 38% |
| Bonds | 49% | 46% |
| Real estate | 16% | 16% |
| | 100% | 100% |

To develop the expected long-term rate of return on assets assumption, the College considered the current level of expected returns on risk free investments (primarily government bonds), the historical level of the risk premium associated with the other asset classes in which the portfolio is invested and the expectations for future returns of each asset class. The expected return for each asset class was then weighted based on the target asset allocation to develop the expected long-term rate of return on assets assumption for the portfolio. This resulted in the selection of the 5.85% assumption for the year ended 31 December 2008. Using the same methodology the expected return on assets assumption which will be used for the year commencing 1 January 2009 will be 5.7%.

* The benefit obligation at 31 December 2008 has been adjusted to make prior allowance for the expected cost of a benefit improvement due to be granted to members in February 2009. The adjustment amounts to £76,000. As there is a surplus cap the cost of this improvement has been offset against the unrecognised surplus and passed through the STRGL.

** The Actuarial Gain/(Loss) shown on assets includes an adjustment of £91,000 in respect of a rebalancing of assets across the three participating employers in the Scheme. This has arisen as a result of the forthcoming merger of the Scheme into the PACE Scheme and reflects the means by which the transfer is occurring with any surplus being spent on an "across the board" basis.

| | 2008 | 2007 |
|------------------------------|--------------|--------------|
| | £000s | £000s |
| Actual return on plan assets | 37 | 99 |

Weighted average assumptions used to determine benefit obligations at:

| | 2008 | 2007 |
|---|-------------|-------------|
| Discount rate | 6.10% | 5.50% |
| Rate of compensation increase | 5.00% | 5.40% |
| Rate of increase of pensions in payment | 3.00% | 3.40% |
| Rate of increase of pensions in deferment | 3.00% | 3.40% |
| Inflation | 3.00% | 3.40% |

Weighted average assumptions used to determine net pension cost for year ended:

| | 2008 | 2007 |
|--|-------------|-------------|
| Discount rate | 5.50% | 5.10% |
| Expected long-term return on plan assets | 5.85% | 5.93% |
| Rate of compensation increase | 5.40% | 5.00% |
| Rate of increase of pensions in payment | 3.40% | 3.00% |
| Inflation | 3.40% | 3.00% |

Weighted average life expectancy for mortality tables used to determine benefit obligations at:

| | 2008 | 2008 |
|---|-------------|---------------|
| | Male | Female |
| Member age 65 (current life expectancy) | 22.0 | 24.8 |
| Member age 45 (life expectancy at age 65) | 23.1 | 25.9 |

Five year history

| | Financial year ending in | | | | |
|---|--------------------------|-----------|------------|------------|------------|
| | 2008 | 2007 | 2006 | 2005 | 2004 |
| | £000s | £000s | £000s | £000s | £000s |
| Benefit obligation at end of year | 1,054 | 1,189 | 876 | 736 | 6,426 |
| Fair value of plan assets at end of year | 1,313 | 1,205 | 1,088 | 872 | 6,588 |
| Surplus/(deficit) | 259 | 16 | 212 | 136 | 162 |
| Difference between the actual and expected return on scheme assets: | | | | | |
| amount (£000s) | (36) | 34 | 121 | 63 | (91) |
| % of scheme assets | -2.7% | 2.8% | 11.1% | 7.2% | -1.4% |
| Experience gains and (losses) on scheme liabilities: | | | | | |
| amount (£000s) | 2 | (104) | 8 | 46 | 202 |
| % of scheme liabilities | 0.2% | -8.7% | 0.9% | 6.3% | 3.1% |

18. Related Party Transactions

The following are related party transactions, as defined by Financial Reporting Standard 8, together with details of notable transactions:

a) Members of the Board of Governors

Individual members of the board incurred on Trust business amounting to £8,780 (2007 - £4,879).

b) Co-operatives^{UK} Limited

The Trust paid and received during the year a total of £86,214 and £153,711 respectively (2007 - £79,207 and £157,075) for services supplied on normal commercial terms. The balances owed by and to the Trust at the year end were £4,924 and £10,771 respectively (2007 - £5,499 and £23,222).

Audit Committee 2008

Stephen Galjaard (Chair to June 2007) Board member
 David Rodgers Board member
 Dave Thomson Independent

Archive Committee 2008

Stephen Yeo (Chair)
 Nick Mansfield (Curatorial Advisor)
 Joan Allen
 Frank Dent
 John Feather (to June 2008)
 Karen Froggatt
 Sue Letts
 Gillian Lonergan (Learning Resources Manager & Archivist)
 John Walton

Remuneration & Employment Committee 2008

David Gibson CBE (Chair)
 Dame Pauline Green
 Gillian Bober (to June 2008)
 Russell Gill
 Robin Stewart (from July 2008)

Search Committee 2008

David Gibson CBE (Chair)
 Dame Pauline Green
 Russell Gill
 Mervyn Wilson

Contact Details

The Co-operative College

Holyoake House
 Hanover Street
 Manchester
 M60 0AS

Tel: 0161 246 2926
 Fax: 0161 246 2946

Email: enquiries@co-op.ac.uk
 Website: <http://www.co-op.ac.uk>