THE FIRE SERVICE COLLEGE

REPORT AND ACCOUNTS FOR THE PERIOD 1 APRIL 2012 TO 31 MARCH 2013

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Any enquiries regarding this publication should be sent to us at

Department of Communities and Local Government
Eland House
Bressenden Place
London SW1E 5DU

Telephone 030 3444 0000

Email contactus@communities.gsi.gov.uk

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THE FIRE SERVICE COLLEGE
Annual Report and Accounts 2012-13

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The Fire Service College

Formerly an Executive Agency and Trading Fund of
the Department for Communities & Local Government until its closure on
31 March 2013

Regulated by the Government Trading Funds Act 1973 as amended by the
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1 Foreword

Foreword by the Accounting Officer

I was appointed Accounting Officer for the Fire Service College on successful completion of the sale of the College's training business to the private sector. My role as Accounting Officer has been focussed on the closedown of the Trading Fund and transfer of all remaining assets and liabilities to the Department. This is therefore the last Annual Report to be prepared by the College whilst in public ownership.

The College was sold to Capita for an enterprise value of £10m, which was subject to adjustments for stamp duty and to take account of the College's financial position at completion of sale. The sale will deliver new investment to secure the future of the College and represented a good deal for taxpayers and value for money[1].

In addition to the consideration, the Department will share in any future profits from the development of College land through a claw-back provision, and will receive further revenue from the sale of a number of houses previously part of the College estate. More importantly, Capita have also committed to a significant programme of infrastructure investment and transformation at the College, and are keen to ensure that training courses deliver improved value for money.

Taken together the sale of the College has the potential to deliver an estimated benefit of £30m to the taxpayer in the first few years and at the same time secure the College's future.

To effect the sale, the Department set up a new company, Fire Service College Ltd (FSCL) with a single share held on behalf of the Secretary of State. The business of the College, including its assets and liabilities (excluding certain retained assets and liabilities) and employees, were transferred by the Department into FSCL and were then sold to Capita. The Trading Fund ceased trading at this point and the values of all assets and liabilities forming part of the sale were treated as disposals in the accounts and written down to nil. Its remaining assets and liabilities were transferred to DCLG during March 2013. Therefore, the trading results for the current year in these accounts relate to the 11 month period from 1 April 2012 to 28 February 2013; 2011-12 figures are for 12 months unless otherwise stated. Because all the assets and liabilities were written out of the accounts the closing Statement of Financial Position at 31 March 2013 shows zero balances.

The Fire Service College Trading Fund (Revocation) Order 2013 came into effect on 1 April 2013. As a result of the revocation, the Trading Fund for the operations of the College ceased to exist on 31 March 2013.

I am conscious of the long history of the College and its major contribution to the Fire Service of this country. That we have managed to secure this into the future through the terms of its sale to the private sector is a major success and all those involved in the College can take pride in its achievement.

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[1] The Department's announcement of the sale is at https://www.gov.uk/government/news/sale-of-the-fire-service-college-completed

1 Foreword

Finally, on behalf of the Department, I would like to thank all the staff of the College for their contributions and wish them, and the College itself, the very best for the future.

NEIL O'CONNOR
Accounting Officer – The Fire Service College
Director for Fire, Resilience and Emergencies
Department of Communities and Local Government
29 November 2013

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Introduction and background

An award-winning leader in fire and emergency response training, the Fire Service College is one of the world's largest operational fire and rescue training facilities. Located in Moreton-in-Marsh in Gloucestershire the College has specialised in providing dedicated training for Fire and Rescue Services (FRSs), emergency responders and a wide spectrum of commercial and public sector clients globally.

On 1 April 1992 the College became an Executive Agency, sponsored at the time by the Home Office, and at the time of closure by the Department for Communities and Local Government (DCLG). It operated as a Trading Fund which continued until 28 February 2013, when the Department, acting for the Secretary of State, sold the Fire Service College business and all operational assets and liabilities to Capita Business Services Limited a subsidiary of Capita plc (for simplicity this document uses 'Capita' to describe the purchasing body). The College will continue to provide fire and emergency response training on its present site under its new private sector owners.

Throughout 2012-13 the College worked with the Chief Fire Officers' Association (CFOA) to provide FRSs with consistent, national training standards in order to enhance their capabilities, operational effectiveness and safety – in support of intra-operability within FRSs and inter-operability with other emergency services and critical infrastructure organisations. Technical fire training focused on the core responsibilities contained in the Fire and Rescue Services Act 2004 and was significantly enhanced by the sharing of good practice, innovation, expert knowledge and experience across our customer base.

The Sale of the College business

The Government's response to the sector-led Fire Futures Report on 12 April 2011 stated that the College could achieve its potential only with greater involvement from other sectors (whether private, public or voluntary) in its ownership, operation and governance, and that Government would explore with the fire sector and other organisations options to secure the future of the College.

A pre-market engagement exercise was launched in September 2011 to invite stakeholder views and to assess the level of private sector interest in the College. The pre-market engagement proved extremely useful in enabling the Department to obtain sector support and gauge private sector appetite.

The Business Case prepared in December 2011 by DCLG considered a wide range of options including selling the College as a going concern, a Government owned Contracted out ('GoCo') model and closure. Analysis of those options showed, both in policy and value for money terms, that selling the College as a going concern was the best option.

On 22 March 2012 the then Fire Minister, Bob Neill, announced that the College was to be sold as a going concern to a private sector company who would continue to run it as a training college. The sale process formally commenced on 10 April 2012 and on 13 December 2012 the Fire Minister, Brandon Lewis MP, announced that Capita had been chosen as the preferred bidder following a thorough, fair and open process.

The project to sell the Fire Service College had three key objectives:

- to secure the College's future as a provider of fire and rescue and wider emergency services operational and leadership training and as a venue for large multi-agency exercises;
- to ensure overall value for money for DCLG, UK FRSs and the taxpayer, including transaction receipts; and
- to secure continuing access to the national resilience strategic assets.

The sale to Capita was completed on 28 February 2013. The sale encompassed those assets and liabilities needed to continue to run the College as an operational business. The enterprise value of the sale was £10 million, which was subject to agreed adjustments and to take account of changes to the College's working capital position at completion of sale, resulting in a cash receipt of about £9.2 million. Although the College reported to the Secretary of State and was legally part of the Department its finances and accounts were separate. It is considered though that the sale represented the disposal by the Department of the College's operational business and as such the proceeds have been accounted for by the Department. As a result all assets and liabilities held by the College and included in the sale were written off to zero in the College's accounts and reported as a loss. Dwellings on the site not required by the operational business were transferred to the Department using absorption accounting rules and the remaining assets and liabilities representing the non-operational parts of the College were written off during March 2013. As required by accounting standards these losses and transfers were made through the College's Statement of Comprehensive Income resulting in a large charge for the year (£28.5 million) and a large accounting loss (£33.2m). The proceeds of the sale (£9.2m) and a gain from recognising the dwellings (£5.8m) were recognised by the Department.

In addition, the Department, as successor body to the College, will share in any future profits from the development of College land. Capita has also committed to invest in a significant programme of infrastructure and transformation and is keen to ensure that training courses deliver improved value for money. Taken together the sale of the College has the potential to deliver significant benefits to the exchequer in the first few years and at the same time secure the College's future.

The Government has secured a number of conditions on the sale, including commitments not only that the College will continue in use as a national training college for fire and rescue authorities, but also that it will continue to offer wider national resilience and emergency services training and exercises. Government permission will also be required if Capita wish to sell the incident ground.

This Annual Report and Accounts therefore covers the 11 months of trading prior to sale, the non trading period until the final closure of the Trading Fund and the write off and transfer of the remaining assets and liabilities to zero values in the closing Statement of Financial Position at 31 March 2013.

Strategy

The College's strategy was laid out in its 2012-13 Business Plan:

- Support FRS intra-operability – delivering a common and consistent approach to operational and leadership training, linked to the development of operational guidance and doctrine and to a national qualification framework, in order to improve FRS intra-operability, while providing the FRS with economies of scale for training. The College worked with CFOA, the Local Government Association (LGA) and others through the Strategic Stakeholder Board to achieve this.

- Support multi-agency interoperability – developing this emerging market for multi-agency joint training and exercising, especially at the bronze level and for vertical command training, as well as contributing to the development and delivery of multi-agency doctrine. Multi-agency training includes other responders and critical infrastructure organisations and is not limited to the emergency services.
- Exploit the College's position at the heart of the FRS and its developing position in the UK multi-agency interoperability training market, to grow business with international governments and private sector clients.

Strategic Objective

To support the Department for Communities and Local Government to deliver the sale of the College as a going concern to a private sector company by the end of the 2012-13 trading year.

Organisation

Operations during 2012-13 were overseen by the Fire Service College Management Board consisting of five Executive Directors, including the Chief Executive, and three Non-Executive Directors. One of the non-executive appointments acted as Chair. The Head of Human Resources and the Head of Business Assurance also attended each meeting. The work of the Management Board and Management Team was underpinned by important contributions from our Strategic Stakeholder Board, Audit Committee, Capital Expenditure Board, Health, Safety & Welfare Action Group and Product Board.

	INTERIM FINANCE & COMMERCIAL DIRECTOR **Mr Guy Vogel**	CHIEF EXECUTIVE **Mr Kim Robinson**	INTERIM BUSINESS DEVELOPMENT DIRECTOR **Mr Steve Copley**	
SUPPORT SERVICES DIRECTOR **Mr Ian Stroud**		**THE FIRE SERVICE COLLEGE MANAGEMENT BOARD**		OPERATIONS DIRECTOR **Mr Andy Kettle**
	NON-EXECUTIVE DIRECTOR **Mr Martin Bryant**	NON-EXECUTIVE CHAIR **Mr Bill Griffiths**	NON-EXECUTIVE DIRECTOR **Mr Robert Evans**	

Notes:

1. The details of Salary and Pension entitlements can be found in Section 3, the Remuneration Report, on page 21.
2. The interim contractual arrangements with Mr Vogel and Mr Copley are also set out in Section 3.

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Review of 2012-13

The drive for improvement continued throughout 2012-13, in parallel with the preparations and provisions of information to facilitate the sale of the business.

Financial

A report on our financial activities in 2012-13 can be found on pages 14 – 19.

Commercial

The College continued to strive to be more price-competitive. It operated in a highly competitive market and within the constraints of the Trading Fund model, continued to adapt to better address the needs of our customers in a cost effective way.

Operations

The Operations directorate continued to work closely with the core FRS customers through the re-focused Strategic Stakeholder Board, the Product Board, the CFOA Operations and People & Organisational Development Committees including their associated working groups. This enabled the College to better understand key customer requirements and to receive objective feedback on training quality. The Strategic Stakeholder Board supported the College's drive to provide products which "promote common operating standards, resilience and interoperability". This customer insight continued to place the College in a strong competitive position, both in the UK and internationally as UK standards can be exported. During 2012-13 these arrangements enabled the College to successfully introduce a range of new training courses for Incident Command, Breathing Apparatus, Fire Safety, and Leadership and Management which resulted in increased take up by its customers.

The directorate was successfully restructured in early 2012 to realise efficiency savings and provide a more flexible approach to training provision. The new structure incorporated a dedicated new product development capability which was successful in ensuring the College was able to meet customer requirements through the provision of innovative products that comply with nationally accredited standards where applicable or industry best practice. Examples of new products introduced during 2012-13 include the Skills for Justice national qualifications for fire safety and incident command referred to above. Additionally, the College developed a progressive leadership model for supervisory and middle managers, which was piloted in March 2013.

The directorate also provided dedicated resources to specialist areas such as fire investigation, urban search and rescue, and hazardous materials.

Improvements in customer satisfaction are covered under Key Performance Indicators – see pages 12 – 14 below.

People

During the period to sale, the College continued to be staffed mainly by civil servants, although the majority of its instructors were seconded into the College from UK Fire and Rescue Authorities (FRAs). The secondees were primarily engaged within the Operations Directorate for training delivery purposes, with two secondees focused on product development. There were also three FRA secondees who worked in the Business Development and Marketing Directorate.

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Overall staffing in the College was reduced in response to the decrease in revenues, with the majority of turnover within civil service posts. Similarly, all recent civil service entrants were recruited on fixed term appointments. Secondee numbers, as the key to successful training delivery, were increased during this period despite the problems with the supply pool within the UK FRAs. The College also attracted a number of strong candidates for its short-term attachments demonstrating the value placed on the College by the wider service.

Revised secondee terms and conditions were implemented in the year and a number of provisions tightened to reflect the increasingly commercial nature of the College. In addition, the College focused on a number of people issues including absence rates, management capability and ownership and joint working. These initiatives had a positive effect on the day-to-day running of the College and enabled it to manage workloads and to effectively allocate staffing resources more flexibly to meet operational needs.

On sale the College's operational staff were transferred to Capita under TUPE terms and there were no redundancies.

Summary headcount trend:

Full Time Equivalent (FTE) average per year	28 February 2013 actual	31 March 2012 actual	31 March 2011 actual	31 March 2010 actual	31 March 2009 actual
Civil servants	136	149	162	173	188
FRS secondees	33	29	32	40	42
Total	169	178	194	213	230

(Note: figures above do not include short term seconded staff or visiting lecturers and tutors.)

<u>The Estate</u>

The College was able to increase the budget allocation for statutory and planned works to ensure compliance and to reduce the impact of breakdown or failure on training delivery.

In early 2013, the College completed a number of projects:

- new railway scenario – along with a level crossing and freight yard, a platform with a derailed passenger rail carriage was constructed together with an extensive railway 'cutting'. This new training facility significantly extended the College's rail based capability.
- combined lounge and prayer facility – to meet the religious requirements and social expectations of delegates from our Middle East customer base, a new purpose built facility was constructed.

During the year the College implemented a change in emphasis for the provision of Facilities Management services towards 'hotel style' customer service and a significant number of improvements (at no additional contract cost) were introduced, mainly within catering and housekeeping services; these improvements were received positively by customers.

Environmental issues and community engagement

The College had, since 2006, been monitoring airborne emissions from the fire training activity using passive diffusion tube detectors located alongside the boundary fence. During the year we commissioned an additional survey of airborne particulates (PM^{10}), the results of which established that the effects of carbonaceous and hydrocarbon fires on particulate concentrations in the area is likely to be short term and transient in nature.

In late November 2012, following a period of prolonged heavy rainfall which had adversely affected ground water levels across the country, a deluge significantly and rapidly increased the demand on the on-site drainage systems. The capability of the drainage systems to function effectively was reduced due to offsite factors outside the College's control and, as a consequence, an oil pollution incident to a local water course and adjoining farmland occurred to which the College responded promptly. Both the Environment Agency and Cotswold District Council attended the incident and were kept fully informed of action taken by the College to both remediate the contaminated environment and to reduce the likelihood of re-occurrence.

A continuing theme has been for the College to reduce its impact on the environment from the disposal of waste to landfill. We continued to work with our suppliers to minimise packaging at source and recycled ten different waste streams including glass, compact discs, paper, cardboard, plastic, food, metal, batteries, cooking and vehicle oil and vehicle tyres.

<u>Sustainability</u>

Greenhouse gas emissions

The College was only able to measure performance on Greenhouse gas emissions at the highest level as shown in the following table. Total greenhouse gas emissions, consumption and expenditure from energy, waste and water are summarised below:

Area		**Unit**	**Performance**			
			2012 – 13*		**2011 – 12***	
			£'000	units	£'000	units
Greenhouse gas emissions (Scopes 1 & 2 plus Business Travel including international air travel)		Tonnes CO_2e^*		2,915		3,391
Energy	Consumption	kWh millions		11.0		11.8
	Expenditure	£'000	489		465	
Waste	Consumption	tonnes		127.9		127.6
	Expenditure	£'000	49		52	
Water	Consumption	m^3'000		70.8		70.5
	Expenditure	£'000	124		120	

* Consumption and costs for 11 months to 28 February 2013 only, 2011-12; 12 months.

Biodiversity

Whilst detailed, long term Biodiversity Plans are yet to be fully developed, the College continued to observe the requirements of the Wildlife & Countryside Act 1981, in particular in respect of protecting the colonies and habitat of great crested newts that inhabit water courses on site. The large areas of native woodland, together with the associated flora that exists under the tree canopy, are retained as a natural boundary to the site. During the year, the College notified the Forestry Commission of potential ash die back amongst the woodland on site. It is worth noting that, as part of an annual programme, the deer population on site is surveyed by the Defence Estates Deer Management and the necessary measures are implemented to both maintain the health of the herd and to protect/secure the availability of foraging habitat.

Sustainable procurement

The profile of purchases (predominantly low value purchases from local Small Medium Enterprise (SME) suppliers) within the College did not support implementation of a Sustainable Procurement programme in itself. However, there were specific purchasing actions that, in themselves, supported sustainability in line with HMT Sustainability Reporting in the Public Sector and Greening Government Commitments:

- all electricity was from ‘green’ generation;
- office paper was 100% recycled;
- wherever possible we purchased from local SMEs, reducing greenhouse gas emissions associated with transport;
- our catering supplier supported Fair Trade products; and
- all timber purchased was derived from recycled or legal and sustainable sources.

Business assurance

The Business Assurance Unit (BAU), set up in December 2010, was a well established function to provide independent assurance to the Chief Executive that the business was fit for purpose in that business management controls (including health and safety, information management, quality systems and processes and governance activity) operated in accordance with legal, regulatory and best practice standards. BAU managed the issue of two licences regarding the College intellectual property during the year, which was the first time this level of licence had been issued. Establishing a Health and Safety Management system that can be certificated to OHSAS 18001:2007 was the key focus of activity during this financial year and, following an in-depth external audit by the certifying body in January 2013, the College achieved this objective. Further detail on BAU activity within the College can be found in Section 5 Governance Statement.

Strategic Objectives

Our performance and progress were based on the key strategic objectives agreed with DCLG and Ministers at the beginning of each financial year. The following strategic objectives were identified for 2012-13:

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Strategic Objective	Achievement
To support the Department for Communities and Local Government in its objective to achieve a successful sale of the College and one that meets the Government's objective to:	
- Secure the College's future as a provider of fire and rescue and wider emergency services operational training and as a venue for large multi-agency exercises.	**Achieved**: Date of sale to Capita was 28 February 2013. This ensures future of the College as a provider of fire and associated training.
- Achieve overall value for money for the Department for Communities and Local Government, the UK Fire & Rescue Service and the taxpayer, including transaction receipts	**Achieved:** DCLG view is that the sale provides value for money.
- Secure continuing access to the National Resilience strategic assets. *NB Above issued by DCLG July 2012.*	**Achieved**

Financial objectives

The HM Treasury Minute under which we operated as a Trading Fund set two further specific financial targets:

Financial Objective	Achievement
To manage the funded operations so that the revenue of the fund:	
– consists principally of receipts in respect of goods or services provided in the course of the funded operations;	**Achieved**: 89% (2011-12: 84%) of revenue related to training activities.
– is not less than sufficient, taking one year with another, to meet outgoings which are properly chargeable to the revenue account.	**Not achieved**: A trading deficit before exceptional items and interest of £4.4 million (2011-12: £2.2 million) has been reported for the year.

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Financial Objective	Achievement
Achieve a return, averaged over the period as a whole, of a minimum of 4% in the form of a surplus on ordinary activities before interest (payable and receivable) and dividends expressed as a percentage of average capital employed.	**Not achieved**: A negative return of 12.6% on the average net assets employed was recorded in the year.

Key performance indicators (KPIs)

KPIs agreed with the DCLG and Ministers for the 2012-13 financial year were:

KPI	Achievement
Achieve 80% in 'Good' and 'Excellent' scores only in customer satisfaction for overall learning experience.	**Achieved**: An 88.68% rating has been achieved.
To embed health and safety awareness throughout the organisation by reducing accidents by 10% and increasing near-miss reporting by 15% compared to 2011-12.	**Partially Achieved:** The improved safety event policy, procedures and forms issued in November 2011 continued to stimulate reporting of all safety events including near misses and minor accidents had an adverse but positive effect resulting in a 2% increase in accident reporting to 11% and an increase of 63% in near miss reporting over the year. Accidents decreased by 7 to 105 overall. *NB figures calculated up to and including 25 February 2013.*
Short term staff sick absence, measured over the financial year, to be no more than four days per employee at the financial year end.	**Achieved:** an average result of 3.18 days per employee (2011-12: 4.1).

Customer satisfaction

The following table shows the number of participants in our customer satisfaction surveys together with the number and percentage of responses received:

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Feedback Responses	2010-11	2011-12	2012-13
Number of Participants	7,928	5,931	5,188
Number of Feedbacks	2,948	3,361	2,908
Response Rate	37%	57%	56%

FY12-13 figures correct up to and including 31 /01/13.

The response figures above have been taken from *FireLearn*, our Managed Learning Environment.

Delegate satisfaction overall

The College used a five point scale to measure delegate satisfaction, with point 3 being 'Satisfactory'. Early in-year, the College's management team concluded that true delegate satisfaction was being misinterpreted due to delegates opting for 'Satisfactory' when their comments may indicate otherwise.

To ameliorate this management opted, for the purposes of a continuous improvement challenge, to measure satisfaction based on 'Good' and 'Excellent' scores only.

The delegate feedback on levels of satisfaction in key delivery areas set out in the table overleaf (using 'Good' and 'Excellent' scores only) indicate excellent progress.

Ratings for the overall learning increased by 4 points on the previous year, whilst ratings for the overall learning experience (taking into account the whole environment) increased by 5 points ie satisfaction levels for facilities improved, despite the dilapidation of much of the estate. From the 17 questions asked, 11 of the responses rated 90% or above, an improvement on last year where only 6 were rated 90% or above. Only 3 of the 17 did not show an improvement.

Delegate Satisfaction Based On 'Good' And 'Excellent' Scores Only			
	2010-11	2011-12	2012-13
	%	%	%
Aims and objectives were met	90	94	94
Personal objectives were met	87	92	92
Content was relevant to course objectives	90	94	95
Content was relevant to your job	86	93	93
Training methods used were appropriate	88	90	93
The course was interesting and challenging	89	92	93
The course was well paced	84	88	87
You learned a lot from this course and will be able to apply what you have learned	87	92	93
Exercise debriefs were effective and you received detailed and helpful feedback	80	78	85

Delegate Satisfaction Based On 'Good' And 'Excellent' Scores Only			
	2010-11	**2011-12**	**2012-13**
	%	%	%
The Incident Ground exercises were realistic and relevant	65	60	68
Exercises contributed to effective learning	80	80	86
Tutors were sufficiently knowledgeable	97	99	99
Tutors had effective style and delivery	94	95	97
Tutors were sensitive to the diverse needs of the group	95	95	97
How do you rate your overall learning on the programme	90	94	94
How do you rate your overall learning experience, taking into account service and facilities, accommodation, catering, and the learning environment	84	89	89
How do you rate the overall facilities at the FSC	76	84	64

FY12-13 figures correct up to and including 31 /01/13

Financial report

Because of the sale of the College to new owners on 28 February 2013, the financial trading results are for the 11 month period to that date and not for a full 12 months. These accounts though cover the full 12 months of 2012-13 and include the non-trading period to closure at 31 March 2013.

The College trading result was a net deficit before interest of £4.4 million in 2012-13 (£2.2 million deficit restated in 2011-12). Taking account of the costs arising from the sale the overall loss for the year was £33.2 million (£2.6 million loss in 2011-12). The results reflect exceptional costs arising from closure of £28.5 million. The trading deficit for the period before costs arising on sale and interest represented a negative return of 12.6% (2011-12: negative return 5.1%) on the average net assets employed, less long term liabilities.

Overall Taxpayers' Equity declined from £37.7 million to £ nil in 2012-13. The nil closing balance reflects the sale and subsequent closure of the Trading Fund and the loss on disposal or transfer of all remaining assets and liabilities to the Department.

Total revenues for the 11 months to 28 February 2013 were £12.3 million compared to £16.9 million restated in 2011-12. Total public sector revenues, which represented 66% of total revenue in 2012-13, declined by £3.0 million, due mainly to continued budget cuts in UK public spending. More encouragingly international government business, particularly from the middle east, held up well.

Costs continued to be tightly controlled with administrative expenses at £9.9 million showing a £1.2 million reduction on 2011-12 partly due to the 2012-13 accounting period being 11 months because of the sale to Capita.

Accounting for the sale to Capita

Whilst, looking to the future and in overall terms the sale of the College provided value for money for the Government, in accounting terms the sale crystallised losses because of the need to reduce net asset values to nil as disposals. These asset disposals appear as a loss of value arising from the sale. The loss is disclosed in Note 3 within exceptional items. To an extent the size of the asset loss reflects the valuation method required for the College property, which because of its specialised nature was valued at depreciated replacement cost rather than market value. Furthermore the available cash in the Trading Fund was insufficient to allow the College to repay the Public Dividend Capital (PDC) or repay fully the loans from the Department. The amounts of PDC and loans waived by the Department were £16.7 million and £1.0 million respectively.

In practice this means losses from the sale and transfers out are recognised in the Trading Fund accounts with the resulting gains from the sale and transfers in recorded in the accounts of the Department. These gains include the sale receipt and the value of the dwellings transferred from the College.

Property, plant and equipment and intangible assets

As described elsewhere the sale was accounted for in the accounts of the Department and therefore, as shown in Note 7, the College’s property, plant and equipment was disposed of as at 28 February 2013 to zero value. This disposal included the FEU building and land immediately on transfer in from the Department (see below). Overall this resulted in an accounting loss of £28.5 million included within exceptional costs (see Note 3) and increased the deficit for the year reported in the Statement of Comprehensive Income. Note that these assets were included in the sale to Capita and continued in use.

DCLG owned a building and land on the College site. These assets, known as the Fire Experimental Unit (FEU) building and land, were included in the sale to Capita and transferred from DCLG to the FSC TF on 28 February 2013. This transfer used absorption accounting principles which allow transfers of assets between government bodies without cash movements and with no effects on budgets. The values of the assets were as follows:

	building	land	total
at date of transfer:	£'000	£'000	£'000
Gross value of FEU building	1,220	400	1,620
accumulated depreciation	(348)	-	(348)
Carrying value	872	400	1,272
Revaluation reserve	(864)	(57)	(921)

The asset values were debited to Property, plant and equipment (see Note 7) with the receipt of a capital grant in kind to the same value recorded in reserves to establish the revaluation reserve or in retained earnings (see the Statement of Taxpayers’ Equity).

Property, plant and equipment (PPE) assets classified as dwellings in the College's accounts were not included in the sale to Capita but were transferred to DCLG using absorption accounting principles. The values of these assets were as follows:

	buildings
at date of transfer:	£'000
Gross value of dwellings	5,790
accumulated depreciation	-
Carrying value (transferred to DCLG as grant in kind)	5,790
Revaluation reserve	(5,352)

The College's intangible assets were not considered to have value in the sale and so written down to zero as at 28 February 2013. This resulted in a charge to the Statement of Comprehensive Income of £0.1 million.

Heritage assets

The Fire Service College has, over its history, become the holder of a number of assets (including the Memorial Chapel and Heritage Centre and a large number of artefacts, mementoes, works of art and gifts). As part of the sale of the College, provision has been made for the safeguarding of these assets for the future. Ownership of the buildings (Chapel and Heritage Centre) transferred to the buyer on completion of the sale. The non-building assets (which are considered to be Heritage Assets) were legally transferred to The Fire-Fighters' Memorial Trust on 28 February 2013 for nil consideration. The Trust is a charity formed to commemorate fire-fighters killed in the line of duty.

To date these assets have not been recognised in the Fire Service College's Statement of Financial Position and nor has reference been made to them in its Annual Report and Accounts. Information on their cost is not available and cannot be obtained at a cost which is commensurate with the benefits to users of these financial statements. As a result, the assets have not been recognised in the Statement of Financial Position and the disclosures required by the FReM have not been made.

Public Dividend Capital

The College held £16.7 million of funding from the Department which was deemed to be treated as Public Dividend Capital (PDC) (See Note 16). At closure the Department agreed to waive the full balance of PDC (see the details in the Statement of Changes in Taxpayers' Equity for the Year ended 31 March 2013).

Prior year adjustment for the accounting of government grants received

During the year, it was realised that the College had not updated its accounting policy relating to changes in the treatment of government grants introduced across government for the 2011-12 financial year. As a result, prior period adjustments have been made to account for this in the two years ended 31 March 2011 and 31 March 2012 as required by IAS 8. This is included in the individual reserve balances in the Statement of Taxpayers' Equity and the Statement of Financial Position. The impact of this is that the opening balance on the government grant reserve at 1 April 2011 has been reduced to zero, with the previously reported balance transferred to the revaluation reserve and retained earnings to reflect transactions in earlier years. In year movements during 2011-12 have been restated as follows:

- government grants received – £432k – has been restated as income
- the release from the government grant reserve – £559k – previously shown as income in the Statement of Comprehensive Income, has been reversed
- the in-year revaluation of assets purchased with grant funding has been moved from the government grant reserve to the revaluation reserve – £1,165k; and
- realised depreciation has been moved from the government grant reserve to the revaluation reserve – £95k.

These restatements are shown in the Statement of Taxpayers' Equity, Statement of Comprehensive Income and Note 3 as appropriate and are summarised in the table below.

	as reported in 2011-12 accounts	**Changes reported in 2012-13 accounts**			
	Gov grant reserve	Gov grant reserve	Retained earnings	SoCI	Revaluation reserve
	£'000	£'000	£'000	£'000	£'000
At 31 March 2011	(14,642)	14,642	(15,261)	-	619
Gov grant rec'd	(432)	432	-	(432)	-
Gov grant amortisation	559	(559)	-	559	-
Revaluation surplus	(1,165)	1,165	-	-	(1,165)
Realised depreciation	95	(95)	-	-	95
At 31 March 2012	**(15,585)**	**15,585**	**(15,261)**	**127**	**(451)**

Summary of 5 year results

Year ending	note below	31 March 2013 (11 months) £'000	31 March 2012 £'000	31 March 2011 £'000	31 March 2010 £'000	31 March 2009 £'000
Total Revenue		**12,265**	16,879	18,471	21,727	21,579
Operating Costs:						
Staff Costs	1	**7,757**	9,049	10,724	11,168	11,123
Depreciation and other asset costs	2	**2,406**	2,251	3,010	3,759	2,753
Other Costs including net finance costs		**5,630**	8,019	8,729	8,830	9,918
Total Operating Costs		**15,793**	19,319	22,463	23,757	23,794
Net deficit for the year		**(3,528)**	(2,440)	(3,992)	(2,030)	(2,215)
Costs on closure and restructuring		**(29,363)**	-	-	-	(12,264)
Deficit for the year after exceptional expenditure		**(32,891)**	(2,440)	(3,992)	(2,030)	(14,479)
Costs as a percentage of revenue:						
Staff Costs		**63%**	54%	58%	51%	52%
Depreciation and other asset costs	2	**20%**	13%	17%	17%	13%
Other Costs		**48%**	47%	47%	41%	46%
Total		**131%**	114%	122%	109%	111%
Property, plant and equipment and intangible assets		**-**	37,354	33,266	37,367	40,713
Investment in property, plant and equipment and intangible assets		**615**	1,361	787	1,048	1,084
(Decrease)/increase in cash and cash equivalents		**(2,781)**	578	914	178	(1,032)
Staff Numbers (units not in thousands)	1, 3	**189**	197	219	237	244
Average Staff Cost		**41**	46	49	47	46

Notes:

1. In years to 31 March 2011 staff working on product development, which were capitalised as intangible assets, were excluded from the costs and staff numbers above. No product development was capitalised in the years 2011-12 and 2012-13.

2. Depreciation and other asset costs include depreciation of property, plant and equipment, amortisation of intangible assets, surpluses and losses on revaluation of property, plant and equipment and intangible assets, and surpluses and losses on disposal of property, plant and equipment, unless shown as an Exceptional item.

3. Staff numbers represent average Full-Time Equivalents (FTE) employed during the year.

Financial and accounting arrangements

The Secretary of State for Communities and Local Government was the authorised lender to the Trading Fund. The Fire Service College Trading Fund Order 1992 imposed a limit of £15 million (excluding the originating loan) on the sums that may be issued to the Fund by way of a loan. At the start of the year there was a total of

£4.5 million of government loans outstanding. At 31 March 2013 all cash held by the College, not earmarked for specific liabilities, was used to repay government loans leaving just under £1 million unpaid. This has been waived by the Department.

The financial objectives of the College were detailed in a Treasury Minute dated 12 October 2009.

Auditor details

The Trading Fund was audited by the Comptroller and Auditor General who is appointed by statute and reports to Parliament. The scope of the audit is set out in the Certificate and Report of the Comptroller and Auditor General to the Houses of Parliament, published as part of this Annual Report.

The audit fee for the statutory audit undertaken by the Comptroller and Auditor General for the 2012-13 financial year was £89,000 (2011-12: £88,000), as advised by the NAO and charged to the College. (Note that the 2011-12 fee differs from the amount recorded in Note 3 because a late additional charge for 2011-12 has been accounted for in 2012-13.) No additional services were provided to the College by the Auditor.

Audit information

The Accounting Officer of the College, at the date of approval of this Report, confirms that:

- so far as the Accounting Officer is aware there is no relevant audit information of which the auditor is unaware; and
- the Accounting Officer has taken all the steps that ought to have been taken in order to make himself aware of any relevant audit information and to establish that the auditor is aware of that information.

Payments to suppliers

Prior to the sale, as a trading fund, the College observed the principles of the *Better Payment Practice Code* on prompt payments. Its policy was to pay all bills not in dispute within 30 days of receipt of a valid invoice or within the agreed contractual terms if otherwise specified. The Interim Finance and Commercial Director monitored bill paying performance and advised the Chief Executive. In 2012-13: 89.4% (2011-12: 92.0%) of invoices were paid within 30 days of receipt. Following the sale, such responsibilities rest with the new owner.

3 Remuneration Report

Remuneration Report

Remuneration policy

Senior Civil Service

The remuneration of senior civil servants is set by the Prime Minister following independent advice from the Review Body on Senior Salaries. In reaching its recommendations, the Review Body has regard to the following considerations:

- the need to recruit, retain and motivate suitably able and qualified people to exercise their different responsibilities;
- regional/local variations in labour markets and their effects on the recruitment and retention of staff;
- Government policies for improving the public services including the requirement on departments to meet the output targets for the delivery of departmental services;
- the funds available to departments as set out in the Government's departmental expenditure limits; and
- Government's inflation target.

The Review Body takes account of the evidence it receives about wider economic considerations and the affordability of its recommendations.

Further information about the work of the Review Body can be found at www.ome.uk.com.

Other College Staff – Civil Servants

The remuneration of other Civil Service grades employed by the Fire Service College was set, under delegated authority from the DCLG, by College management, in line with guidance issued by Treasury.

FRS Seconded Officers

The College also made significant use of seconded Fire Service Officers to maintain high standards of instruction which must be relevant and current. Remuneration rates for these secondees were set through nationally negotiated FRS settlements.

Contracts – Civil Servants

Civil Service appointments, both for senior civil servants and more junior grades, were made in accordance with the Civil Service Commissioners' Recruitment Principles, which requires appointments to be made on merit on the basis of fair and open competition, but also includes exceptions where it is appropriate to do so.

The Civil Servants covered by this Report held appointments which were either open-ended until they reach the normal retiring age of 60 or 65 (dependent on the pension scheme to which they are a member) or fixed term. Early termination, other than for misconduct, would result in the individual receiving compensation as set out in the Civil Service Compensation Scheme.

Further information about the work of the Civil Service Commissioners can be found at the website: www.civilservicecommissioners.gov.uk.

3 Remuneration Report

Terms of secondment – FRS Secondees

Seconded Officers operated under individual agreements, normally of two years duration but with the scope for extension and were on loan from the employing FRA. These arrangements set out any variances to substantive terms and conditions which were deemed necessary to facilitate College operations.

Non-Executive Officers

Non-Executive Officers were appointed through DCLG by fair and open competition and were paid fees for their term of office plus appropriate business expenses.

Salary and pension entitlements

The following sections provide details of the remuneration and pension interests of the College Management Board and have been subjected to audit.

Note all figures for 2012-13 are for 11 months to 28 February 2013, 2011-12 are for the year ended 31 March 2012. No compensation was due or paid for loss of office.

Remuneration	2012-13 Salary £'000	2012-13 Bonuses £'000	2012-13 Total £'000	2011-12 Salary £'000	2011-12 Bonuses £'000	2011-12 Total £'000
Executive Officers						
Mr K Robinson	100 – 105	-	100 – 105	110 – 115	-	110 – 115
Mr I Stroud	60 – 65	-	60 – 65	60 – 65	-	60 – 65
Mr A Kettle	80 – 85	-	80 – 85	60 – 65	-	60 – 65
Non-Executive Officers	**Fees**	**Bonuses**	**Total**	**Fees**	**Bonuses**	**Total**
Mr W Griffiths	5 – 10	-	5 – 10	20 – 25	-	20 – 25
Mr R J Evans	20 – 25	-	20 – 25	15 – 20	-	15 – 20
Mr M Bryant	20 – 25	-	20 – 25	15 – 20	-	15 – 20

Mr Vogel's services as Interim Finance and Commercial Director were procured by the College through Opus One Consultancy Limited, of which Mr Vogel is a major shareholder. For 2012-13, expenditure of £141,081 (2011-12: £118,000), including a contractual completion fee of £11,380 for 2011-12 and £21,812 for 2012-13, plus VAT, was incurred in respect of his services

Mr Copley's services as Interim Business Development Director, until he resigned in January 2013, were procured by the College through Linden Lea International Limited, of which Mr Copley is a major shareholder. For 2012-13, expenditure of £131,292 (2011-12: £105,000) including a contractual notice fee of £36,792 plus VAT was incurred in respect of his services.

The expenditure with Opus One Consultancy Limited and Linden Lea International Limited are reported as related party transactions in Note 25 to the Accounts.

Salary

Remuneration consists of 'salary' which includes gross salary and any allowances to the extent that they were subject to UK taxation.

3 Remuneration Report

Bonuses

No executive officer bonuses were paid in 2012–13 (2011-12 – £nil).

Benefits in Kind

Mr Vogel, Mr Copley and Mr Kettle received on-site accommodation as a benefit in kind during 2012-13, which had a value to each of them of £6,336 (2011-12: £6,336). Mr Kettle also received home travel expenses totalling £2,563 (2011-12: £2,501). No other benefits in kind were received by members of the Management Board.

Pay Multiples

Reporting bodies are required to disclose the relationship between the remuneration of the highest-paid director in their organisation and the median remuneration of the organisation's workforce.

The banded remuneration of the highest-paid director in the Fire Service College in the financial year 2012-13 was £100,000-£105,000. This was 4.5 times the median remuneration of the workforce, which was £24,776 (2011-12: £110,000 - £115,000; 4.6; £24,646).

Total remuneration included salary, non-consolidated performance-related pay, benefits-in-kind as well as severance payments. It did not include employer pension contributions.

Civil Service Pensions

Pension benefits are provided through the Civil Service pension arrangements. Full details of this can be found in Note 4.1 of the Financial Report: Notes to the Accounts.

Fire and Rescue Service Pensions

Pensions are provided through the Firefighters' Pension Schemes. Full details of these can be found in Note 4.1 of the Financial Report: Notes to the Accounts. Pension costs for Mr Kettle during his secondment are re-charged to the College by his employers.

Pension Benefits

The following Directors only are entitled to benefits under the Principal Civil Service Pension Scheme:

	Accrued pension at Age 60/65* as at 28 Feb 13 and related lump sum	Real increase in pension and related lump sum at Age 60/65*	CETV at 28 Feb 13	CETV at 31 Mar 12	Real increase in CETV funded by employer	Employee contributions and transfers in
	£000s	£000s	£000s	£000s	£000s	£000s
Mr K Robinson	5 – 10	2 – 2.5	124	89	22	6
Mr I Stroud	25 – 30	2.5 – 3	492	426	41	4

* Age 65 for Mr Robinson; Age 60 for Mr Stroud.

Cash Equivalent Transfer Values (CETV)

The figures in the table above reflect the increase in CETV effectively funded by the employer. It takes account of the increase in accrued pension due to inflation, contributions paid by the employee (including the value of any benefits transferred from another pension scheme or arrangement) and uses common market valuation factors for the start and end of the period.

NEIL O'CONNOR
Accounting Officer – The Fire Service College
Director for Fire, Resilience and Emergencies
Department of Communities and Local Government
29 November 2013

4 Statement of Accounting Officer's Responsibilities

Statement of Accounting Officer's Responsibilities

Under Section 4(6) of the Government Trading Funds Act 1973 HM Treasury directed the Fire Service College to prepare a statement of accounts for each financial year in the form and on the basis set out in the Accounts Direction applicable to all Trading Funds issued by HM Treasury. The accounts were prepared on an accruals basis and were required to give a true and fair view of the College's financial position at the year end and of its revenue and expenditure, changes in taxpayers' equity and cash flows for the financial year.

In preparing the accounts, the Accounting Officer was required to comply with the requirements of the *Government Financial Reporting Manual* and in particular to:

- observe the Accounts Direction issued by HM Treasury, including the relevant accounting and disclosure requirements, and apply suitable accounting policies on a consistent basis;
- make judgements and estimates on a reasonable basis;
- state whether applicable accounting standards as set out in the Government Financial Reporting Manual have been followed, and to disclose and explain any material departures in the financial statements; and
- prepare the financial statements on a going concern basis, unless it is inappropriate to do so.

The accounts for 2012-13 have been prepared in accordance with IFRS as adapted or interpreted for the public sector context by HM Treasury.

The Secretary of State for Communities and Local Government appointed the Chief Executive for the College in accordance with the Framework Document.

The Treasury subsequently appointed the Chief Executive as the Accounting Officer for the College. His relevant responsibilities as Trading Fund Accounting Officer, included the responsibilities for the propriety and regularity of the public finances for which he was answerable, for the keeping of proper records and for safeguarding the College's assets, are set out in *Managing Public Money* issued by HM Treasury. The Chief Executive left the Fire Service College on 28 February 2012 and from that date the DCLG Director of Fire and Resilience was appointed Accounting Officer for the Trading Fund.

The responsibilities for the operation of the Trading Fund were contained in the Framework Document and in the *Guide to the Establishment and Operation of Trading Funds* published by HM Treasury in May 2004 (updated August 2006). Chapter 13 of the latter document deals specifically with accountability.

5 Governance Statement

Governance Statement

Introduction

With the sale of the Fire Service College to Capita on 28 February 2013, Kim Robinson relinquished his responsibilities as Accounting Officer on 27 February 2013. I was appointed as Accounting Officer for the Trading Fund in succession to Kim with responsibility for the preparation of the Fire Service College Trading Fund Accounts for 2012-13 in accordance with section 4(6) (a) of the Government Trading Funds Act 1973. As Accounting Officer, I must be able to assure Parliament and the public of high standards of probity in the management of public funds, including the Fire Service College Governance Statement.

The Annual Report and Accounts for 2012-13 as presented here have been produced under the guidance and oversight of the members of the Audit and Risk Committee.

Governance in the period after 28 February 2013

All the College's rights and obligations transferred to DCLG on 28 February 2013. The conclusion of the College's remaining business as a Trading Fund, after this date, was handled by DCLG and was subject to DCLG's governance framework and systems of internal control.

A key risk in this period concerned the satisfactory completion of the College's Annual Report and Accounts. Risks of inaccuracies or of delay were identified and a number of mitigations put in place:

- the completion of the sale and/or transfer of the remaining College's assets, liabilities and activities to DCLG during March 2013, including the transfer of funds to enable the closure of the College's bank account on 28 March 2013;
- the production, audit and approval of a draft Report and Accounts for the period, for handover to DCLG, with the supporting documents and accounting records; and
- the close partnership working between staff at DCLG and the member of DCLG staff sited at the College to achieve an effective handover, including attendance by DCLG staff at Audit and Risk Management Committee meetings.

The final adjustments to the College's accounts were made by staff in DCLG. The College Audit and Risk Committee (ARC) met on 26 March, 26 April, 20 June and 1 July 2013 to review and recommend the approval of the final Report and Accounts. The members of the College's ARC, and their attendance at those meetings, are as follows:

Audit and Risk Committee members	Meeting date and attendance			
	26/03/2013	26/04/2013	20/06/2013	01/07/2013
Bob Evans (chair)	Yes	Yes	Yes	Yes
Martin Bryant	Yes	Yes	Yes	Yes

5 Governance Statement

The governance structures in DCLG are set out in more detail in the DCLG Annual Report and Accounts 2012-13.

The Fire Service College Trading Fund (Revocation) Order 2013 revoked the Fire Service College Trading Fund Order 1992 (“the 1992 Order”) and came into effect on 1 April 2013. As a result, the Trading Fund established by the 1992 Order ceased to exist. The Order received policy approval by Ministers with concurrent approval from HM Treasury.

Governance in the period 1 April 2012 to 28 February 2013

Kim Robinson has, by means of the following statement, confirmed that the College operated, up until the handover of his Accounting Officer’s duties to me on 27 February 2013, with appropriate governance and an improved system of internal control and risk management during FY12-13.

Summary

The Financial Year (FY) 2012-13 continued with well-established governance mechanisms and a 3 year business plan. The Plan reflected the overarching key objective of the Department for Communities and Local Government (DCLG) to sell the College to the private sector. The drive to improve the operations and financial performance of the College continued and many significant improvements were made. However, trading conditions were extremely challenging within the context of the weak economic climate and revenues continued to be impacted severely by public sector cuts and the restrictions placed on the College in recruiting key staff. Despite the significant revenue pressures, management maintained a strong focus on cost reduction. I am also pleased to report that the College has recently passed OHSAS 18001 accreditation for the management of health and safety.

The Audit Committee (AC) meeting on 27 February 2013 noted that very good progress had been made against internal audit recommendations. Management had instructed the Internal Auditors to review a number of functions during 2012-13, the reports of which had been submitted to the College. It was noted that there were fewer issues raised than in previous audits and no major weaknesses were identified.

The Department for Communities and Local Government (DCLG) launched the sale of the College as a going concern on 10 April 2012. Capita was announced by DCLG as the preferred bidder on 13 December 2012 and completion of the sale took place on 28 February 2013. In his letter to the former Accounting Officer dated 12 December 2012, Sir Bob Kerslake noted that the former Accounting Officer had rightly been excluded from the evaluation of bids for the College and that responsibility for ensuring that public value for money was achieved in the sale of the College lay with the DCLG. Conflicts of interest were avoided by ensuring that the former Accounting Officer and executive members of the College Management Board (CMB) were not involved in bid evaluation or any further legal and commercial aspects of the disposal. This was a conscious decision and appropriately monitored.

After the preferred bidder was announced, Capita staff were given detailed and regular access to the College and its staff so that they could carry out their necessary detailed due diligence. Large numbers of Capita staff were involved in this comprehensive exercise due to the short amount of time available to Capita for due diligence. During the final stages of Capita's due diligence, the College reinforced the controls put in place to ensure that effective control of public assets continued to be maintained.

The Governance Framework.

The Framework Document directed and guided the work of the College and described its relationship with DCLG. It established the College's status, overarching governance requirements and described its aims, objectives and functions. The revised framework document was published in March 2011.

I, as the former Accounting Officer, reported on the operational performance of the College and the effectiveness of its system of internal control to the DCLG led College Shareholder Board. The College Shareholder Board held its final meeting on 6 February 2013 at which the College's budget for 2013-14 was approved. This Board was established in accordance with the Framework Document and met quarterly to support College business activity including:

- approval of the College's FSC Business Plan (including the strategic objectives of the business, the short and long term financial and performance targets and the capital investment programme);
- consideration of the consequences for the College of policy changes affecting the provision of training and of any changes needed to the FSC Framework Document;
- consideration of issues and risks raised by DCLG or the College which affected the work of the College, had implications for DCLG policy and which impacted, in particular, on any changes to the training offered; and
- consideration of the College's performance, based on a quarterly performance report from the Accounting Officer, monitored against the targets set in the Business Plan. Where a risk was identified, or a material change occured in the way the College carried out its tasks, or in long-term significant demands on resources, the Accounting Officer would bring it to the attention of the Shareholder Board for consideration. Business re-forecasts were completed at the 5, 6, 8 and 9 month points and were used to re-prioritise activities.

The CMB met monthly on a formal basis and maintained the principles of the Corporate Governance Code. Additional meetings were held throughout the year to review the various business re-forecasts and budget proposals. The Board supported me as the former Accounting Officer in meeting performance against business objectives and key performance indicators and by providing scrutiny and guidance considering risk where appropriate. It noted that the quality of information presented improved significantly this FY, providing a much greater level of transparency in governance, risk and budgeting matters. This improvement in visibility and quality of data was reflected in a more detailed business plan and in the improved forecasting processes which included the four 'in year' re-forecasts referred to above, all of which were supported by detailed, sales pipelines. Additionally, these improvements were captured in the comprehensive nature of the key sales document, the Information Memorandum, which was published in April 2012.

A 95% average attendance rate for monthly CMB's was achieved by the eight members. Two meetings were held in February in order to finalise governance matters ahead of the sale. The Board considers that it has fulfilled its duties satisfactorily.

The Board reviewed its performance at its final meeting and satisfied itself that it met the governance requirements set out in the Corporate Governance Code as far as they applied. During the past year the Board focused, in particular, on:

- continuing the underlying improvements in the general performance of the business, which was once more severely impacted by the difficult trading conditions affecting the FRS and other UK public sector customers;
- the rapid sale of the College, carried out in addition to the daily running of the business and its continuous improvement;
- setting the conditions for further business with a middle eastern government, including:
  - recovery of the existing aged debt;
  - establishing a binding legal contract covering the whole scope of training offered; and
  - establishing payment milestones including substantial pre-payments;
- pursuit of a significant debtor and its final conclusion; and
- monitoring of cashflow.

I have also been supported by an Audit and Risk Committee (ARC), chaired by a Non-Executive Director and supported by a second Non-Executive Director and an Independent member. The members of the ARC during the year were Bob Evans (Chair), Martin Bryant and Terry Price and, as the Committee, they:

- advised the former Accounting Officer on the handling of outstanding debts, including the significant debtor referred to above;
- reviewed the data provided as part of the sales process with particular attention to ensuring that information provided to prospective bidders was accurate and validated; and
- oversaw preparation of the annual accounts for 2011-12 and the arrangements for 2012-13.

The ARC supported me as the former Accounting Officer by ensuring that the Accounting Officer's public accountability was supported by sound governance control and a robust process of risk management, which was a standing agenda item at each meeting. There were six ARC meetings held during the year and the three members achieved a 100% average attendance rate. The ARC scrutinised and advised the former Accounting Officer on:

- the system of internal control;
- the strategic process for managing risk;
- the accounting policies and the Annual Report & Accounts (including the process for review of the Accounts prior to submission for audit);
- the planned activity and results of both internal and external audit;
- the adequacy of management response to issues identified by audit activity;

- assurances relating to the corporate governance requirements for the organisation;
- business continuity and incident control plans; and
- anti-fraud policies, whistle-blowing processes, and arrangements for special investigations.

The CMB consider that the opinion and scrutiny of the ARC contributed to the organisational control regime and to the level of assurance available to the Board and to me as the Accounting Officer. The final meeting of the ARC under current ownership was held on 27 February 2013.

I led the College's Management Team which supported me as the former Chief Executive by taking ownership of all matters relating to the day-to-day administration and operation of the College, its use of resources and performance in accordance with the latest agreed version of the College Business Plan/Reforecast. The Management Team individually and collectively provided leadership of the College staff. This included:

- managing resources and delivering the performance targets and corporate objectives set out in the latest agreed version of the Business Plan/Reforecast;
- managing and taking steps to mitigate business risks;
- reflecting, in their business activities, the College's standards and values;
- fostering and developing effective staff and customer relationships; and
- managing and delivering the agreed operational programme.

The Health, Safety and Welfare Action Group was responsible for the promotion of policies, processes and safe systems of work to effectively manage the health, safety and welfare of all persons on College premises when engaged in College related activities. It was chaired by me or the Head of Business Assurance on my behalf and met on a six weekly basis. Membership included Directors, the Health and Safety Advisor and Trade Union representatives.

The Capital Expenditure Programme Board was responsible for maintaining effective control over, and securing optimal benefit from, College capital expenditure. Chaired by the College Finance and Commercial Director, it scrutinised all significant capital expenditure proposals and monitored the progress of approved projects. Capital expenditure requirements were set out in the College's business plan and agreed by DCLG. Progress has been monitored by the CMB and College Shareholder Board, where any additional in year spend requirements were approved.

The Strategic Stakeholder Board provided strategic advice and influence to the Management Board aimed at improving operational delivery. It was chaired by the CFOA Director for Operational Response and comprised the Chief Executive, the Operations Director and Business Development and Marketing Director, the Chair of the FRS Occupational Committee, other key representatives from CFOA, CFRAU, LGA, the Devolved Administrations and DCLG. Its role included endorsing the priorities and proposals for future product development, including guiding all activities undertaken by the FSC Product Board so that the customer's quality assurance expectations were met and that common operating standards, resilience and interoperability were promoted across the Fire and Rescue Service.

5 Governance Statement

Chaired by the College Operations' Director, the Product Board ensured that College product development processes and activities were managed efficiently so that they underpinned the delivery of quality products to customers and enabled the development of future products to meet customers' needs.

The Business Assurance Unit (BAU), set up by me in 2010-11, established an additional assurance mechanism of in-house auditing to enforce compliance of College activity against College policy. This ongoing programme of in-house audits is designed to improve business processes and management controls at all levels within the College. In this financial year, 18 in-house audits took place. The BAU reported directly to me.

Major Assurance Activity

DCLG wrote to the College's Finance Director on 12 October 2012 confirming no further action should be taken in respect of the significant debtor following the report by PWC. The letter stated that: "...it is the Department's view that no further action for the recovery of the £720k debt should be taken. With a recovery period of up to five years, at not insignificant cost, and with no guarantee of any recovery of the debt it is our view that this is not a course of action worth pursuing. You have instituted a number of changes in the way the College handles international business to prevent a recurrence of the problems experienced with this significant debtor and have taken a number of appropriate steps to seek recovery". The College's Audit and Risk Committee on 23 October considered this recommendation and further advised the Accounting Officer that the matter should be closed and the outstanding debt has been written off in the annual accounts.

HM Treasury undertook a review across government, regarding the contracting of individuals through personal service companies within government departments. The College sought approval from DCLG to continue with four individuals it had procured via their personal service companies until the sale of the College was concluded. This approach was approved by DCLG in March 2012 with the Secretary of State noting that the arrangements concerning "the four individuals at the Fire Service College should not be unwound given the need to keep on track the disposal of the College by the end of September." He also noted that "these arrangements with Government will in any event lapse once the disposal is complete". The External Audit of the 2011-12 accounts sought clarification regarding the position of these individuals, which HM Treasury clarified and confirmed that: "if DCLG are satisfied that it would not be possible to bring these four posts on to payroll without additional cost then we are content with these arrangements to remain in place until the sale of the Fire Service College providing the sale happens along the timetable you have indicated." As stated, completion of the sale took place on 28 February 2013.

During 2011-12, the College recognised that there was a potential issue regarding employment taxes and tasked internal auditors, PwC, to audit the situation. PwC identified three high rated risks and a number of medium rated risks.

Reviewing the outcomes of the PricewaterhouseCoopers (PwC) audit the College, through a third party (PwC), engaged with HMRC to reach a positive conclusion, which the College duly provided for.

5 Governance Statement

Health and Safety management and improving the health and safety culture were top priorities for the Management Team. The College undertook a root and branch review of how health and safety was managed via policies, procedures and guidance within the College. The resulting "road-map" created a list of priorities that generated the focus for improvement activity within the year. Progress against the road map was reviewed at the Health and Safety and Welfare Action Group. The achievement of the Royal Society for the Prevention of Accidents (RoSPA) level 3 award in health and safety management in February 2012 was a significant milestone and formed the platform which enabled the College to achieve its objective of Occupational Health and Safety Assessment Series (OHSAS) 18001:2007 accreditation by 2013. This was an enormous step forward.

The dilapidated nature of the site due to under investment was a cause of concern from a health and safety and environmental point of view. However, improvements were made to the site infrastructure including upgrades to the Liquid Petroleum Gas (LPG) training facilities, which resulted in very positive feedback from the Health and Safety Executive. The Crown Improvement Notice that the College received from the Health and Safety Executive in December 2010 was formally closed in August 2012.

In line with Cabinet Office guidance, the College continued to review and reinforce its information security measures across the organisation with the Finance and Commercial Director submitting an annual return in his role as Senior Information Risk Owner. He was supported in this by the BAU.

For the first time, annual reports from each of the BAU areas of responsibility, ie health and safety, quality assurance and information assurance, were presented to the CMB at the April 2012 meeting. This continued through reflection within the Annual Report and Accounts and consideration of BAU annual reports at the final CMB on 27 February 2013.

An on-line Protecting Information series of courses (levels 1 – 3) was rolled out in January 2013 with completion by staff due by the end of March.

During 2011-12, the BAU was tasked to coordinate management actions arising from recommendations from internal auditing activity carried out by PwC and in-house audits conducted by the BAU. This coordinating role continued in 2012-13. This was a positive step forward in strengthening internal controls.

Two licences were issued under the Information Fair Trading Status (IFTS), a good practice standard promoted by the Office of Public Service Information. IFTS allowed the College to retain control of copyright and to maximise exploitation of its own Intellectual Property through Licensing and Franchising – the College's status was previously suspended and reinstated in 2011-12.

The risk management process was subject to periodic review and scrutiny by me, the CMB and AC. The process was centrally coordinated and monitored by the Head of BAU on my behalf who provided guidance and ensured that directors and staff were equipped to manage risk in an appropriate manner. Management of business risks were identified, prioritised and mitigated where possible by the Management Team who met on a weekly basis. Consideration of the risks fed into the operational management processes.

5 Governance Statement

Weaknesses and Issues

The Management Team and I continued to seek business improvement across all aspects of the College operation.

In-house auditing as detailed above highlighted opportunities to improve process and management controls and was monitored on a monthly basis.

The disparate nature and age of College IT systems hampered the College's ability to operate in an effective and streamlined manner. These poor IT systems generated significant inefficiencies and poor working practices.

There were nine minor information data breaches in the period of this report which were investigated by the information assurance team and appropriate action was taken. All nine cases are now closed.

Internal Audit Opinion

The following summary was extracted from the PwC Internal Audit Annual Report 2012-13.

"We have completed the programme of internal audit work for the year ended 31 March 2013, although a number of reports remain in draft. Our work identified 1 high, 14 medium and 14 low rated findings and reflects an on-going improvement in the control environment. Based on the work we have completed we believe that there is some risk that management's objectives may not be fully achieved. Improvements are required in those areas to enhance the adequacy and / or effectiveness of governance, risk management and internal control.

The key factor that contributed to our opinion is as follows:

Although we noted significant improvements in management of the overseas debts, with four of the five prior year recommendations now being closed, the one remaining open recommendation is rated as high risk. This recommendation is in relation to the level of debts that still remain outstanding specifically with a Middle Eastern Government. We acknowledge that this debt has been closely monitored by College management who believe it will be paid shortly."

Statement by the Chief Executive and Accounting Officer, Kim Robinson, made on his hand over of Accounting Officer duties on 28 February 2013.

The members of the Management Team have given me their assurances that internal controls are effective within their areas of responsibility, including over the period of the sale, and that any relevant circumstances have been highlighted in this statement. Based on these assurances, on the operation of the control environment outlined above, recognising that there is further work to be done, and supported by the opinion of the CMB, AC and the Head of Internal Audit Services, I am content that the College has operated, up until the handover of my Accounting Officer's duties to DCLG on 27 February 2013, with appropriate governance and an improved system of internal control and risk management during FY12-13. As the College now moves into the private sector, I am pleased to look back at the significant improvements which have been made at the Fire Service College over the last 3-4 years, which have secured its future and will, I trust, enable it to achieve its full potential.

5 Governance Statement

Neil O'Connor
Accounting Officer – The Fire Service College
Director for Fire, Resilience and Emergencies
Department of Communities and Local Government
29 November 2013

6 Certificate and Report of the Comptroller and Auditor General

The Certificate of the Comptroller and Auditor General to the Houses of Parliament

I certify that I have audited the financial statements of the Fire Service College for the year ended 31 March 2013 under the Government Trading Funds Act 1973. The financial statements comprise: Statement of Comprehensive Income, Statement of Financial Position, Statement of Cash Flows, Statement of Changes in Equity; and the related notes. These financial statements have been prepared under the accounting policies set out within them. I have also audited the information in the Remuneration Report that is described in that report as having been audited.

Respective responsibilities of the Accounting Officer and auditor

As explained more fully in the Statement of Accounting Officer's Responsibilities, the Accounting Officer is responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view. My responsibility is to audit, certify and report on the financial statements in accordance with the Government Trading Funds Act 1973. I conducted my audit in accordance with International Standards on Auditing (UK and Ireland). Those standards require me and my staff to comply with the Auditing Practices Board's Ethical Standards for Auditors.

Scope of the audit of the financial statements

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

I am required to obtain evidence sufficient to give reasonable assurance that the expenditure and income recorded in the financial statements have been applied to the purposes intended by Parliament and the financial transactions recorded in the financial statements conform to the authorities which govern them.

Opinion on regularity

In my opinion, in all material respects the expenditure and income recorded in the financial statements have been applied to the purposes intended by Parliament and the financial transactions recorded in the financial statements conform to the authorities which govern them.

Opinion on financial statements

In my opinion:

- the financial statements give a true and fair view of the state of the Fire Service College's affairs as at 31 March 2013 and of its net deficit after interest for the year then ended; and

Certificate and Report of the Comptroller and Auditor General

- the financial statements have been properly prepared in accordance with the Government Trading Funds Act 1973 and HM Treasury directions issued thereunder.

Emphasis of Matter – Going Concern

I draw attention to Note 1b to the financial statements. The Secretary of State for Communities and Local Government sold the trading assets and liabilities of the College to Capita in February 2013 as part of the sale of the business. The College's Trading Fund status was revoked by Parliament with effect from 31 March 2013. As a consequence of this, the financial statements have been prepared on a basis other than going concern. Details of the movements of the College's assets and liabilities are shown in Note 23 to the financial statements. My opinion is not qualified in this respect.

Opinion on other matters

In my opinion:

- the part of the Remuneration Report to be audited has been properly prepared in accordance with HM Treasury directions made under the Government Trading Funds Act 1973; and
- the information given in the Annual Report for the financial year for which the financial statements are prepared is consistent with the financial statements.

Matters on which I report by exception

I have nothing to report in respect of the following matters which I report to you if, in my opinion:

- adequate accounting records have not been kept or returns adequate for my audit have not been received from branches not visited by my staff; or
- the financial statements and the part of the Remuneration Report to be audited are not in agreement with the accounting records and returns; or
- I have not received all of the information and explanations I require for my audit; or
- the Governance Statement does not reflect compliance with HM Treasury's guidance.

Report

I have no observations to make on these financial statements.

Amyas C E Morse **5 December 2013**
Comptroller and Auditor General

National Audit Office
157-197 Buckingham Palace Road
London
SW1W 9SP

7 Financial Report: Financial Statements

Statement of Comprehensive Income for the year ended 31 March 2013

	Note	31 March 2013 £'000	31 March 2012 restated £'000
Revenue	2.1	12,265	16,879
Cost of sales	2.2	(6,740)	(7,977)
Gross surplus		5,525	8,902
Administrative expenses	2.2	(9,889)	(11,115)
Trading deficit for the year		(4,364)	(2,213)
Costs on closure	3	(28,527)	-
Net deficit for the year	3	(32,891)	(2,213)
Interest receivable	5	4	23
Interest payable	6	(344)	(377)
Net deficit for the year after interest		(33,231)	(2,567)
Other comprehensive income and expenditure			
Net cost arising from transfer of property, plant & equipment to/from DCLG		(87)	-
Income resulting from the waiver of the balance on Public Dividend Capital after the sale of the College by the Department of Communities and Local Government		16,721	-
		16,634	-
Total comprehensive (expenditure)/income for the year		(16,597)	(2,567)

All operations are classed as discontinuing because the College's operations, assets and liabilities were wound up and transferred to DCLG for sale to Capita or retention by DCLG as appropriate.

All trading revenues and costs for the year ended 31 March 2013 for the Fire Service College Trading Fund are for 11 months to 28 February 2013, the date the business operations ceased (2011-12; 12 months).

Detail of the prior year adjustment and restatement of 2011-12 figures arising from the accounting for government grants is included in Note 22.

The Notes on pages 40 to 65 form part of these Financial Statements.

7 Financial Report: Financial Statements

Statement of Financial Position as at 31 March 2013

		Years ending 31 March		
		2013	2012	2011
			Restated	Restated
	Note	£'000	£'000	£'000
Non-current assets				
Property, plant and equipment	7	-	37,100	32,772
Intangible assets	8	-	254	494
Total non-current assets		-	37,354	33,266
Current assets				
Inventories	9	-	38	51
Trade and other receivables	10	-	3,768	8,993
Cash and cash equivalents	11	-	2,781	2,203
Assets held for sale	12	-	3,288	6,575
Total current assets		-	9,875	17,822
Total Assets		**-**	**47,229**	**51,088**
Current liabilities				
Trade and other payables	13	-	4,314	10,170
Loans	14.1	-	67	63
Provisions	15	-	614	1,128
Total current liabilities		-	4,995	11,361
Non-current liabilities				
Long-term Government loans	14.2	-	4,448	4,491
Long-term Other loans	14.3	-	37	61
Total non-current liabilities		-	4,485	4,552
Total Liabilities		**-**	**9,480**	**15,913**
NET ASSETS		**-**	**37,749**	**35,175**
Taxpayers' Equity				
Public Dividend capital	16	-	16,721	16,721
Revaluation Reserve		-	16,272	15,483
Accumulated Earnings		-	4,756	2,971
TOTAL TAXPAYERS' EQUITY		**-**	**37,749**	**35,175**

The Notes on pages 40 to 65 form part of these Financial Statements.

Detail of the prior year adjustment and restatement of 2011-12 figures arising from the accounting for government grants is included in Note 22.

NEIL O'CONNOR
Accounting Officer
29 November 2013

7 Financial Report: Financial Statements

Statement of Cash Flows for the year ended 31 March 2013

	Note	31 March 2013 £'000	31 March 2012 restated £'000
Net cash inflow/(outflow) from operating activities	**17**	**(1,565)**	(1,507)
Cash flows from investing activities			
Purchase of property, plant and equipment		(615)	(1,361)
Proceeds of sale of property, plant and equipment		5	221
Proceeds from disposal of land assets held for sale		3,288	3,288
Net cash inflow from investing activities		**2,678**	2,148
Cash flows from financing activities			
Repayment of short and long term loans	**18**	(3,585)	(63)
Non-cash adjustments arising from closure		(309)	-
Net cash inflow/(outflow) from financing activities		**(3,894)**	(63)
Net increase/(decrease) in cash and cash equivalents	**11**	**(2,781)**	578
Cash and cash equivalents at the beginning of the year	**11**	**2,781**	2,203
Cash and cash equivalents at the end of the year	**11**	**-**	**2,781**

Detail of the prior year adjustment and restatement of 2011-12 figures arising from the accounting for government grants is included in Note 22.

The Notes on pages 40 to 65 form part of these Financial Statements.

7 Financial Report: Financial Statements

Statement of Changes In Taxpayers' Equity for the year ended 31 March 2013

	Public Dividend Capital	Revaluation Reserve	Retained Earnings/ (Accumu-lated Deficit)	Govern-ment Grant Reserve	Total Taxpayers' Equity
	£'000	£'000	£'000	£'000	£'000
Balance at 31 March 2011 as reported	16,721	16,102	(12,290)	14,642	35,175
Prior year adjustment on Government Grants	-	(619)	15,261	(14,642)	-
Balance at 31 March 2011 as adjusted	16,721	15,483	2,971	-	35,175
Changes in Taxpayers' Equity 2011-12					
Recognised in Statement of Comprehensive Net Expenditure					
Net deficit for the year after interest and exceptional item	-	-	(2,567)	-	(2,567)
Other comprehensive income and expenditure					
Net surplus on revaluation of property, plant and equipment	-	5,141	-	-	5,141
Transfers between reserves					
Realised depreciation	-	(633)	633	-	-
Realised revaluation surplus on disposal of property,plant & equipment	-	(118)	118	-	-
Other realised revaluation surplus	-	(314)	314	-	-
Transfer realised land sale revaluation surplus	-	(3,287)	3,287	-	-
Total changes in Taxpayers' Equity	-	789	1,785	-	2,574
Balance at 31 March 2012	16,721	16,272	4,756	-	37,749
Changes in Taxpayers' Equity 2012-13					
Revaluation reserve transferred in with asset	-	921	-	-	921
Revaluation reserve transferred out with asset	-	(5,352)	-	-	(5,352)
Capital repayment	-	-	-	-	-
Recognised in Statement of Comprehensive Net Expenditure					
Net deficit for the year after interest and exceptional item	-	-	(33,231)	-	(33,231)
Other comprehensive income and expenditure					-
Grant in kind from transfer of property	-	-	(87)	-	(87)
Waiver of Public Dividend Capital	(16,721)	-	16,721	-	-
Transfers between reserves					
Realised depreciation	-	(103)	103	-	-
Other realised revaluation surplus	-	(8,451)	8,451	-	-
Transfer realised land sale revaluation surplus	-	(3,287)	3,287	-	-
	(16,721)	(16,272)	(4,756)	-	(37,749)
Balance at 31 March 2013	**-**	**-**	**-**	**-**	**-**

The Notes on pages 40 to 65 form part of these Financial Statements.

Detail of the prior year adjustment and restatement of 2011-12 figures arising from the accounting for government grants is included in Note 22.

8 Financial Report: Notes to the Accounts

Note 1. Accounting policies

These Financial Statements have been prepared in accordance with the 2012-13 Government Financial Reporting Manual (FReM) issued by HM Treasury. The accounting policies contained in the FReM apply IFRS as adapted or interpreted for the public sector context. Where the FReM permits a choice of accounting policy, the accounting policy which was judged to be most appropriate to the particular circumstances of the College for the purpose of giving a true and fair view was selected. The particular policies adopted by the College are described below. They have been applied consistently in dealing with items that are considered material to the accounts.

The Financial Statements are presented in Sterling rounded to the nearest thousand.

a. Accounting convention

These accounts have been prepared under the historical cost convention modified to account for the revaluation of property, plant and equipment.

b. Going concern

The Financial Statements have not been prepared on a going concern basis.

In April 2012, the Government launched the sale of the College. The business, trading assets and liabilities of the College were sold by the Department to Capita plc on 28 February 2013. The remaining College assets and liabilities were transferred to DCLG, including the bank balance, before closure on 31 March 2013.

The Executive Agency that is the College was abolished as DCLG arranged the processes necessary to revoke Trading Fund status, including the passage of legislation with effect from and on 31 March 2013.

Having considered the circumstances described above, management have concluded that, following the process of sale and the passing of legislation necessary to close the Trading Fund, it was not appropriate to continue to adopt the going concern basis in preparing the Annual Report and Accounts. The net book values of all assets and liabilities have been reduced to nil as a result of the sale or closure and there are no asset or liability balances shown in the Statement of Financial Position.

c. Critical accounting judgements and key sources of estimation uncertainty

In the application of the College's accounting policies, management was required to make judgements, estimates and assumptions about the carrying amounts of assets and liabilities that were not readily apparent from other sources. The estimates and associated assumptions were based on historical experience and other factors that were considered to be relevant. The estimates and underlying assumptions were continually reviewed. Revisions to accounting estimates were recognised in the period in which the estimate was revised if the revision affected only that period or in the period of the revision and future periods if the revision affected both current and future periods.

Critical judgements in applying accounting policies: the following were the critical judgements, apart from those involving estimations that management made in the process of applying the College's accounting policies and that have the most significant effect on the amounts recognised in the Financial Statements:

- valuation of property, plant and equipment (See Note 1d below and Note 7); and
- recognition criteria for intangible assets (See Note 1e below and Note 8).

Key sources of estimation uncertainty: the following were the key assumptions concerning the future and other key sources of estimation uncertainty, at the Statement of Financial Position date, that had a significant risk of causing a material adjustment to the carrying amounts of the assets and liabilities:

- useful lives of items of property, plant and equipment for depreciation calculations (See Note 1d below and Note 7);
- useful lives of intangible assets and amortisation (See Note 1e below and Note 8);
- provisions for doubtful receivables (See Note 10); and
- liability provisions (See Note 15).

d. Property, plant and equipment

Land was valued on the basis of purchasing a notional replacement site in the same locality, equally suitable for the existing use. Staff houses were re-valued at open market value. All other freehold buildings, site infrastructure and incident ground facilities were valued at the depreciated replacement cost of their major component parts.

Assets valued on the basis of depreciated replacement cost were professionally valued every five years, with interim valuations in year three if there was reason to believe that the replacement cost of an asset would have changed substantially. Indexation adjustments are normally applied in the intervening years, but were not been applied in 2012-13 (see below).

Increases in value arising from revaluation were credited to the revaluation reserve except when the increase reverses a revaluation decrease for the same asset which was previously recognised in the Statement of Comprehensive Income, in which case it was credited to the Statement of Comprehensive Income to the extent of the decrease previously charged there.

A revaluation decrease was debited to the Revaluation Reserve to the extent that there was a balance on the Reserve for that asset and thereafter to the Statement of Comprehensive Income.

Following initial recognition, vehicles, fixtures and fittings and computer equipment were carried at depreciated historic cost, as a proxy for fair value.

All dwellings not subject to sale to Capita were transferred at their net book value to DCLG in March 2013.

No indexation of property plant & equipment assets was carried out in 2012-13. Whilst it would have been in line with the College's normal accounting policy to apply indexation this was not considered necessary because of the adoption of non-going concern and the imminent sale. Had indexation been applied the amount is estimated at £409,000.

Depreciation was provided on property, plant and equipment, other than freehold land and dwellings, at rates estimated to write off the valuation of each asset evenly over its expected useful economic life. These rates were as follows:

- Freehold buildings and dwellings 10-50 years;

• Incident ground facilities	5-50 years;
• Site infrastructure	10-50 years;
• Vehicles	3-15 years;
• Fixtures and fittings	1-15 years; and
• Computer equipment	1-15 years

Due to the sale of the College, depreciation of property, plant and equipment shown in the final statements for the year was for 11 months to 28 February 2013.

e. Intangible assets

Intangible assets are non-monetary assets without physical substance which arise from contractual or other legal rights. They were recognised only when it was probable that future economic benefits will flow, or service potential be provided, to the College and where the cost of the asset could be measured reliably.

Material product development costs with a reasonable expectation of commercial exploitation were capitalised as Intangible Assets provided all of the following have been demonstrated:

- the technical feasibility of developing the product so that it would be available for use;
- the intention to complete the intangible asset and use it;
- the ability to sell or use the intangible asset;
- how the intangible asset would generate probable future economic benefits or service potential;
- the availability of adequate technical, financial and other resources to complete the intangible asset and sell or use it; and
- the ability to measure reliably the expenditure attributable to the intangible asset during its development.

The amount initially recognised for internally-generated intangible assets was the sum of the expenditure incurred from the date when the criteria above were initially met. Where no internally-generated intangible asset could be recognised, the expenditure was charged in the period in which it is incurred.

Following initial recognition, intangible assets were carried at amortised replacement cost as a proxy for fair value. Amortisation was over 3-5 years.

f. Impairment

At each Statement of Financial Position date the College checked whether there was any indication that any of its non-current assets had suffered an impairment loss. If there was an indication of an impairment loss the recoverable amount of the asset was estimated to determine whether there has been a loss and, if so, its amount.

If there had been an impairment loss the asset was written down to its recoverable amount with the loss charged to the Revaluation Reserve to the extent that there was a balance on the Reserve for the asset and, thereafter, to the Statement of Comprehensive Income. Where an impairment loss subsequently reversed, the carrying amount of the asset was increased to the revised estimate of the recoverable amount but capped at the amount that would have been determined had there been no initial impairment loss. The reversal of the impairment loss was credited to the Statement of Comprehensive Income to the extent of the decrease previously charged there and thereafter to the Revaluation Reserve.

g. Inventories

Inventories were stated at the lower of cost and net realisable value.

h. Retirement benefit costs

Most employees of the College were members of the Principal Civil Service Pension Scheme (PCSPS) which is an unfunded multi-employer defined benefit scheme in which the employer's share of the underlying assets and liabilities is not identified. Accordingly the PCSPS was accounted for as if it were a defined contribution plan where the cost of the College's participation in the scheme was equal to the employer contributions payable to the Scheme for the accounting period. Two employees belonged to a Money Purchase Scheme (See Note 4.1).

i. Research and development

Research, development (except where capitalised as an intangible asset – see Note 1.e) and product maintenance expenditure was written off in the year in which it was incurred.

j. Insurance

The College insured its trading activities by the purchase of policies for professional indemnity insurance and travel insurance. Apart from these, the College did not purchase external insurance exercising instead self insurance, as required by Managing Public Money. Had a material loss occurred, the College would have consulted the DCLG Secretary of State about the action to be taken.

k. Leases

Leases were classified as finance leases when substantially all of the risks and rewards of ownership are transferred to the lessee. All other leases were classified as operating leases.

Property, plant and equipment held under finance leases were initially recognised, at the inception of the lease, at fair value or, if lower, at the present value of the minimum lease payments, with a matching liability for the lease obligation to the lessor. Lease payments were apportioned between finance charges and a reduction of the lease obligation so as to achieve a constant rate of interest on the remaining balance of the liability. Finance charges were recognised in the Statement of Comprehensive Income.

Rentals under operating leases were charged to the Statement of Comprehensive Income on a straight-line basis over the lease term.

l. Government grants

In accordance with the FReM capital government grants were recognised when there was reasonable assurance that the College would comply with the conditions attached and that the grant would be received. On initial recognition capital grants were credited to and included in other income in the Statement of Comprehensive Income. Prior to 2012-13, the College credited the grant to a Government Grant Reserve and released income to the Statement of Comprehensive Income over the life of the relevant asset. The change in treatment was considered a change in accounting policy and therefore, in accordance with IAS 8, a prior year adjustment has been made.

m. Cash and cash equivalents

Cash was cash in hand and deposits with any financial institution repayable without penalty on notice of not more than 24 hours. Cash equivalents were investments that matured in three months or less from the date of acquisition and that were readily convertible to known amounts of cash with insignificant risk of change in value.

n. Provisions

Provisions were recognised where the College had a present legal or constructive obligation as a result of a past event, it was probable that the College would be required to settle the obligation and a reliable estimate could be made of the amount of the obligation. The amount recognised was the best estimate of the expenditure required to settle the obligation at the Statement of Financial Position date. Where material, the cash flows expected to meet the obligations were discounted to present values using an appropriate discount rate.

o. Financial instruments

Financial assets were recognised on the Statement of Financial Position when the College became party to the financial instrument contract or, in the case of trade receivables, when the goods or services had been delivered.

Financial assets of the College consisted of short-term receivables and cash and bank balances which were classified as loans and receivables. Financial assets were initially recognised at fair value with non-current financial assets recognised subsequently at amortised cost less any impairment.

Financial liabilities were recognised on the Statement of Financial Position when the College became party to the contractual provisions of the financial instrument or, in the case of trade payables, when the goods or services had been received. Financial liabilities were de-recognised when the liability had been discharged, that is, the liability had been paid or had expired.

Financial liabilities of the College consisted of short-term trade payables and long-term interest-bearing Government loans which were classified as financial liabilities at amortised cost and included in the Statement of Financial Position under current and non-current liabilities. Financial liabilities were initially recognised at fair value and thereafter at amortised cost.

p. Value Added Tax (VAT)

Where the College charged VAT the amounts included in revenue were stated net of VAT. Where the College was able to claim input VAT the relevant expense accounts were reflected net of VAT. Irrecoverable VAT was charged to the relevant expenditure category or included in the capitalised cost of property, plant and equipment. As the majority of the College's sales were training related, they were exempt from VAT. The College was, however, entitled to claim input tax on partial exemption and this is credited to other income.

q. Foreign exchange

Transactions in foreign currencies were recorded at the rate ruling at the date of the transaction. Assets and liabilities denominated in foreign currencies were translated at the rate of exchange ruling at the date of the Statement of Financial Position. Any differences arising were taken to the Statement of Comprehensive Income.

r. Revenue

Revenue was shown net of VAT and comprised income from course attendances, use of College facilities and sundry services. It represented the value of services provided from the ordinary activities of the business during the year. The College recognised revenue when, and to the extent that, it obtained the right to consideration in return for performance. Where a course had only been partially completed at the date of the Statement of Financial Position, revenue represents the value of the service provided to date, based on the proportion of the course delivered. Where payments were received from customers in advance of services provided, the amounts were recorded as deferred income and included as part of trade and other payables due within one year.

s. Public Dividend Capital

Public Dividend Capital was included in Taxpayers' Equity. At any time the DCLG Secretary of State could issue new Public Dividend Capital to or require repayments of Public Dividend Capital from the College. Public Dividend Capital was recorded at the value received. As Public Dividend Capital was issued under legislation rather than under contract, it was not treated as an equity financial instrument. As part of the accounting adjustments made on the sale of the College and closure of the Trading Fund on 31 March 2013, the Public Dividend Capital was waived by DCLG.

t. Cash management

The College's policy was to maintain liquid resources in interest-bearing commercial bank accounts, or on money market deposits, in accounts which were repayable on demand or at short notice.

u. Accounting Standards that have been issued but have not been adopted

A number of new or amended accounting standards and interpretations had been issued by the International Accounting Standards Board (IASB) which were only applicable with effect from the 2013-14 financial year and later. These are not listed because of the closure of the Trading Fund.

Note 2. Revenue Analysis and Segmental Reporting

2.1 Analysis of Revenue by Customer Type

	Year ended 31 Mar 13	Year ended 31 Mar 12
	£'000	£'000
UK Fire and Rescue Services	6,007	7,705
DCLG	47	773
Other public sector	2,055	2,607
Total public sector income	**8,109**	**11,085**
UK private sector	1,398	1,718
Overseas customers	2,748	3,957
Individuals	10	119
Total private sector income	**4,156**	**5,794**
Total revenue	**12,265**	**16,879**

2.2 Analysis of Trading Surplus / (Deficit) for the year by Segment

	Year ended 31 March 2013				Year ended 31 March 2012 restated			
	Revenue	Cost of Sales	Administrative Expenses	Surplus/ (Deficit)	Revenue	Cost of Sales	Administrative Expenses	Surplus/ (Deficit)
	£000s	£000s	£000s	£000s	£000s	£000s	£000s	£000s
Training	10,961	(6,202)	(8,408)	**(3,649)**	14,123	(7,398)	(9,021)	**(2,296)**
Events	506	(18)	(485)	**3**	698	(26)	(573)	**99**
Infrastructure	250	-	(210)	**40**	369	-	(275)	**94**
Estate Rental Income	239	(5)	(147)	**87**	363	-	(186)	**177**
Other income from activities	260	(260)	-	**-**	394	(394)	-	**-**
Other income/(expenditure)	49	(255)	(639)	**(845)**	932	(159)	(1,060)	**(287)**
	12,265	**(6,740)**	**(9,889)**	**(4,364)**	**16,879**	**(7,977)**	**(11,115)**	**(2,213)**

Segmental analysis of net assets has not been disclosed as net assets are not allocated by class of business.

The financial objectives for the College are set out in Note 27.

Note 3. Trading Deficit for the Year

	Note	Year ended 31 Mar 13 £'000	Year ended 31 Mar 12 restated £'000
The trading deficit for the year is stated after charging/(crediting) the following:			
Rental income		(239)	(329)
Rentals under operating leases		155	154
External audit fee(1)		114	63
Travel, subsistence and hospitality		82	108
Management Board costs		625	603
Capital grant		-	(432)
Non-cash items:			
Depreciation of property, plant and equipment	7	2,259	2,156
Amortisation of intangible assets	8	147	240
Surplus on disposal of property, plant and equipment		-	(58)
Loss/(profit) on revaluation of property, plant and equipment		-	(145)
Loss on disposal of property, plant and equipment		5	-
Costs from sale/closure			
Losses on sale:			
Loss on disposal of property, plant and equipment(2)	7	30,932	-
Gain from disposal of net current liabilities	23	(1,099)	-
		29,833	-
Gains from closure:			
Write off of intangible assets(3)	8	107	-
Gain from write off of loans	18	(967)	-
Gain from transfer of net current liabilities to DCLG	23	(446)	-
		(1,306)	-
Total		**28,527**	**-**

Note 1: The external audit fee is the fee for the Comptroller and Auditor General's annual certification of the College's Financial Statements. The actual fee in respect of 2012-13 was £89,000, the amount shown above for 2012-13 also includes £25,000 in respect of 2011-12. There was no remuneration due for non-audit work in current or previous years.

Note 2: The accounting treatment adopted means that all property, plant and equipment assets remaining on closure were treated as disposals with a resulting loss recorded in the accounts of the College. The receipt from the sale to Capita was recognised by the Department.

Note 3: Intangible assets were not included in the sale to Capita so have been written off, at 28 February, as having no further use and hence nil value.

8 Financial Report: Notes to the Accounts

Note 4. Staff Numbers and Related Costs

4.1 Staff Costs

	Year ended 31 Mar 13 £'000	Year ended 31 Mar 12 £'000
Wages and salaries	**3,320**	4,245
Social security costs	**242**	310
Superannuation costs	**571**	767
Seconded staff	**2,160**	2,084
Visiting lecturers & tutors and other contracted staff	**1,464**	1,643
Total	**7,757**	9,049

Pensions – Civil Servants

The Superannuation Acts 1965 and 1972 and subsequent amendments apply to those members of staff who were Civil Servants. The PCSPS is an unfunded multi-employer defined benefit scheme, in which the employer's share of the underlying assets and liabilities is not identified. A full actuarial valuation was carried out at 31 March 2007.

From 30 July 2007, Civil Servants may be in one of four defined benefit schemes: either a final salary scheme (Classic, Premium or Classic Plus); or a whole career scheme (Nuvos). These statutory arrangements are unfunded with the cost of benefits met by monies voted by Parliament each year. New entrants after 1 October 2002 may opt for either the appropriate defined benefit arrangement or joining a good quality 'money purchase' stakeholder arrangement with a significant employer contribution (partnership pension account).

Pensions payable under Classic, Premium, Classic Plus and Nuvos were been increased annually in line with changes in the Retail Prices Index (RPI) up to 1st April 2011, and in line with changes in the Consumer Prices Index (CPI) thereafter.

Employee contributions were set at the rate of 1.5% of pensionable earnings for Classic and 3.5% for Premium, Classic Plus and Nuvos. Benefits in Classic accrue at the rate of 1/80th of final pensionable salary for each year of service. In addition, a lump sum equivalent to three years' pension is payable on retirement. For Premium, benefits accrue at the rate of 1/60th of final pensionable earnings for each year of service. Unlike Classic, there is no automatic lump sum. Classic Plus is essentially a variation of Premium, but with benefits in respect of service before 1 October 2002 calculated broadly in the same way as in Classic. In Nuvos a member builds up a pension based on his/her pensionable earnings during their period of scheme membership. At the end of the scheme year (31 March) the member's earned pension account is credited with 2.3% of their pensionable earnings in that scheme year and the accrued pension is up rated in line with RPI (CPI from 1 April 2012). In all cases members may opt to give up (commute) pension for lump sum up to the limits set by the Finance Act 2004.

The partnership pension account is a stakeholder pension arrangement. The employer makes a basic contribution of between 3% and 12.5% (depending on the age of the member) into a stakeholder pension product chosen by the employee from a selection of approved products. The employee does not have to contribute but where they do make contributions, the employer will match these up to a limit of 3% of pensionable salary (in addition to the employer's basic contribution). Employers also contribute a further 0.8%

of pensionable salary to cover the cost of centrally-provided risk benefit cover (death in service and ill health retirement).

For 2012-13, employers' contributions of £571,000 were payable to the PCSPS (2011-12: £767,000) at one of four rates in the range 16.7% to 24.3% of pensionable pay, based on salary bands. The contribution rates reflect benefits as they are accrued, not when the costs are actually incurred, and reflect past experience of the scheme.

Further details about the Civil Service pension arrangements can be found at the website: www.civilservice-pensions.gov.uk.

Pensions - Firefighters

Regular fire fighters employed before 6 April 2006 were eligible for membership of the Firefighters' Pension Scheme (FPS). The Scheme was closed to new entrants with effect from 5 April 2006. A New Firefighters Pension Scheme (NFPS) was introduced for regular and retained firefighters employed since 6 April 2006.

Responsibility for policy on the firefighters' pension schemes rests with DCLG, working with administrations in Northern Ireland, Scotland and Wales. The administration and payment of individual pensions and benefits is the responsibility of Fire and Rescue Authorities. Both Schemes (FPS and NFPS) are unfunded, defined benefit schemes.

The overall cost of funding the scheme was assessed by the Government Actuary's Department in 2007. The cost of benefits accruing for each year of membership was assessed as 37.7% of pensionable pay for FPS members and 23.7% of pensionable pay for NFPS members, of which the seconded officer contributes 11% and 8.5% retrospectively. £331,000 was charged to the Statement of Comprehensive Net Expenditure (2011-12: £326,000). This represented the reimbursement of employer contributions made by FRSs which was recharged to the College.

The total amount charged to the Statement of Comprehensive Net Expenditure in respect of pension contributions is as follows:

	Year ended 31 March 2013 £000s	**Year ended 31 March 2012 £000s**
Civil Service contributions	**571**	767
Seconded staff contributions	**331**	326
Charge for year	**902**	1,093

4.2 Average number of persons employed or contracted

	Year ended 31 Mar 13 Average Full Time Equivalent	Year ended 31 Mar 13 Average Number	Year ended 31 Mar 12 Average Full Time Equivalent	Year ended 31 Mar 12 Average Number
Senior Management staff	**7**	**7**	7	7
Teaching staff	**61**	**62**	64	65
Non Teaching direct, safety and support staff	**65**	**65**	62	64
Administration staff	**56**	**62**	64	68
Non-Executive Directors	**-**	**3**	-	3
	189	**199**	197	207
Civil Service staff - employed	**136**	**143**	149	156
Seconded staff	**5**	**5**	29	29
Visiting Lecturers and Tutors	**15**	**15**	16	16
Other contracted staff	**33**	**33**	3	3
Non-Executive Directors	**-**	**3**	-	3
	189	**199**	197	207

4.3 Reporting of Civil Service and other compensation schemes – exit packages

There were no compulsory or voluntary redundancy exits in 2012-13.

There were 13 exits as a result of voluntary redundancy in 2011-12 as detailed below

	Number of voluntary redundancies 2012-13	Number of voluntary redundancies 2011-12
Exit package cost band		
£ 0 - £ 25,000	-	3
£25,000 - £ 50,000	-	4
£50,000 - £100,000	-	6
Total number	**-**	**13**
	£'000	£'000
Total resource cost	**-**	**700**

Redundancy and other departure costs were paid in accordance with the provisions of the Civil Service Compensation Scheme, a statutory scheme made under the Superannuation Act 1972. Exit costs were accounted for in full in the year of departure.

Note 5. Interest Receivable

	Year ended 31 Mar 13 £'000	Year ended 31 Mar 12 £'000
Bank interest	4	23

Note 6. Interest Payable

	Year ended 31 Mar 13 £'000	Year ended 31 Mar 12 £'000
Long-term loans	344	377

Note 7. Property, plant and equipment

	Dwellings	Buildings	Freehold Land	Site Infrastructure	Incident Ground Facilities	Computer Equipment	Vehicles, Fixtures & Fittings	Assets Under Construction	TOTAL
	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000
Cost or Valuation									
At 1 April 2012	5,790	27,463	3,751	10,130	5,819	4,108	4,180	-	**61,241**
Transfer from DCLG	-	1,220	400	-	-	-	-	-	**1,620**
Additions	-	206	-	7	86	97	219	-	**615**
Disposals	-	-	-	-	-	(38)	(24)	-	**(62)**
Revaluation/(impairment)	-	-	-	-	-	-	-	-	**-**
Transfer to DCLG	(5,790)	-	-	-	-	-	-	-	**(5,790)**
Disposal loss on closure	-	(28,889)	(4,151)	(10,137)	(5,905)	(4,167)	(4,375)	-	**(57,624)**
At 31 March 2013	-	-	-	-	-	-	-	-	-
Accumulated Depreciation									
At 1 April 2012	-	10,557		5,761	2,546	2,648	2,629	-	**24,141**
Transfers in from DCLG	-	348	-	-	-	-	-	-	**348**
Depreciation charge for the year	-	937	-	483	220	288	331	-	**2,259**
Disposals	-	-	-	-	-	(38)	(18)	-	**(56)**
Revaluation/(impairment)	-	-	-	-	-	-	-	-	-
Transfer to DCLG	-	-	-	-	-	-	-	-	-
Disposal loss on closure	-	(11,842)	-	(6,244)	(2,766)	(2,898)	(2,942)	-	**(26,692)**
At 31 March 2013	-	-	-	-	-	-	-	-	-
Carrying value at 31 March 2013	-	-	-	-	-	-	-	-	-
Asset Financing:									
Owned	-	-	-	-	-	-	-	-	-
Finance leased	-	-	-	-	-	-	-	-	-
Carrying value at 31 March 2013	-	-	-	-	-	-	-	-	-

	Dwellings	Buildings	Freehold Land	Site Infrastructure	Incident Ground Facilities	Computer Equipment	Vehicles, Fixtures & Fittings	Assets Under Construction	TOTAL
	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000
Cost or Valuation									
At 1 April 2011	5,408	24,055	1,762	8,167	5,070	3,912	3,891	291	52,556
Additions	-	326	-	32	502	243	258	-	1,361
Reclassifications	15	276	-	-	-	-	-	(291)	-
Disposals	(163)	-	-	-	-	(93)	(12)	-	(268)
Revaluation/(impairment)	530	2,806	1,989	1,931	247	46	43	-	7,592
At 31 March 2012	5,790	27,463	3,751	10,130	5,819	4,108	4,180	-	61,241
Accumulated Depreciation									
At 1 April 2011	-	8,774	-	4,181	2,057	2,476	2,296	-	19,784
Revaluations	15	(15)	-	-	-	-	-	-	-
Depreciation charge for the year	-	912	-	423	211	265	345	-	2,156
Disposals	-	-	-	-	-	(93)	(12)	-	(105)
Revaluation/(impairment)	(15)	886	-	1,157	278	-	-	-	2,306
At 31 March 2012	-	10,557	-	5,761	2,546	2,648	2,629	-	24,141
Carrying value at 31 March 2012	5,790	16,906	3,751	4,369	3,273	1,460	1,551	-	37,100
Asset Financing:									
Owned	5,790	16,906	3,751	4,369	3,273	1,460	1,551	-	37,100
Finance leased	-	-	-	-	-	-	-	-	-
Carrying value at 31 March 2012	5,790	16,906	3,751	4,369	3,273	1,460	1,551	-	37,100

Because of the impending sale of the College no revaluation of property, plant and equipment was carried out in 2012-13 (see Note 1). All property, plant and equipment assets included in the sale to Capita were treated as disposals at 28 February 2013.

Note 8. Intangible assets

	Product development £'000
Cost or Valuation	
At 1 April 2012	1,297
Write off on closure	(148)
De-recognition	(1,149)
At 31 March 2013	-
Accumulated Amortisation	
At 1 April 2012	1,043
Amortisation charge for the year	147
Write off on closure	(41)
De-recognition	(1,149)
At 31 March 2013	-
Carrying value at 31 March 2013	-
Cost or Valuation	
At 1 April 2011	1,297
At 31 March 2012	**1,297**
Accumulated Amortisation	
At 1 April 2011	803
Amortisation charge for the year	240
At 31 March 2012	**1,043**
Carrying value at 31 March 2012	**254**

No intangible assets were capitalised in the years 2012-13 or 2011-12 consistent with the College's accounting policies set out in Note 1e. All intangible assets were written off to zero value at 28 February 2013.

Note 9. Inventories

	31 Mar 13 £'000	31 Mar 12 £'000
Consumables	-	38

All inventories were included in working capital as part of the sale to Capita on 28 February 2013 and so have been reported as a loss in these accounts.

Note 10. Trade and other receivables

10.1 Analysis of trade and other receivables

	31 Mar 13 £'000	31 Mar 12 £'000
Amounts falling due within one year:		
Trade receivables	-	4,065
Less: Provision for doubtful receivables	-	(1,103)
	-	2,962
Other receivables	-	305
Prepayments and accrued income	-	501
	-	**3,768**

All trade and other receivables were included in working capital as part of the sale to Capita on 28 February 2013 and so have been reported as a loss in these accounts.

Included within receivables falling due within one year are the following intra-Governmental balances:

	31 Mar 13 £'000	31 Mar 12 £'000
Central government	-	65
Local authorities	-	721
Public corporations and trading funds	-	228
	-	**1,014**
Non-government bodies	-	2,754
	-	**3,768**

10.2 Receivables past their due date but not impaired

	31 Mar 13 £'000	31 Mar 12 £'000
By 1 month	-	130
By 2 months	-	9
By 3 months	-	2
By more than 4 months	-	1,094
	-	**1,235**

10.3 Provision for doubtful receivables

	31 Mar 13 £'000	31 Mar 12 £'000
Balance at 1 April	1,103	1,352
Amount written off during the year	(765)	(80)
(Decrease)/increase in receivables impaired	(338)	(169)
Balance at 31 March	-	**1,103**

Note 11. Cash and cash equivalents

	31 Mar 13 £'000	31 Mar 12 £'000
Balance at 1 April	2,781	2,203
Net change in cash and cash equivalent balances	(2,781)	578
Balance at 31 March	**-**	**2,781**

The College's cash balances were kept in interest bearing current or short term treasury deposit accounts with the Lloyds TSB Banking Group. The College's bank account was closed on 28 March 2013 with the balance at closure transferred to DCLG.

Note 12. Assets held for sale

The land sold under Phase 3 of the land sale of 2010-11 was included within current assets as an asset held for sale at 31 March 2012. The full value of £3.3 million was received in January 2013.

Note 13. Trade and other payables

	31 Mar 13 £'000	31 Mar 12 £'000
Amounts falling due within one year		
Trade payables	-	668
Accruals	-	2,779
Deferred income	-	867
	-	**4,314**

All trade and other payables were included in working capital as part of the sale to Capita on 28 February 2013 and so have been reported as a gain in these accounts.

Included within payables falling due within one year are the following intra-Governmental balances:

	31 Mar 13 £'000	31 Mar 12 £'000
Central government	-	984
Local authorities	-	735
Public corporations and trading funds	-	7
	-	**1,726**
Non-government bodies	-	2,588
	-	**4,314**

Note 14. Loans

14.1 Current loans

	31 Mar 13 £'000	31 Mar 12 £'000
Government loans	-	43
Other loans	-	24
	-	**67**

14.2 Non-current government loans

	31 Mar 13 £'000	31 Mar 12 £'000
Repayable as follows:		
Over 1 up to 2 years	-	46
Over 2 up to 5 years	-	52
After 5 years	-	4,350
	-	**4,448**

All loans were taken out between 1992 and 1994, were unsecured and repayable in instalments of £209,000 (including interest) paid twice every year. All loans had rates of interest which were fixed for the full period of the loan, which varied between 20 and 60 years. As a result of the sale and planned closure of the Fire Service College Trading Fund, the loans were partly repaid in March 2013 without any charge for early repayment, with the outstanding balance remaining written off by agreement with DCLG. The weighted average period of loans at 31 March 2013 was nil (2011-12: 40 years) and the weighted average interest rate was 0% (2011-12: 8.37%).

14.3 Non-current other loan

	31 Mar 13 £'000	31 Mar 12 £'000
Repayable as follows:		
Over 1 up to 2 years	-	24
Over 2 up to 5 years	-	13
After 5 years	-	-
	-	**37**

The other loan was with Salix Energy Efficiency Loan Scheme which was set up in 2010-11 to finance the purchase of energy efficiency assets. The loan was unsecured, interest free and repayable in instalments of £12,242 twice every year until original completion in 2014-15. The loans were repaid during 2012-13, without additional cost, to enable the related assets to be included in the sale to Capita on 28 February 2013.

Note 15. Provisions

	Personal Injury Claims £'000	Pension Liabilities £'000	Total £'000
Balance at 1 April 2012	74	540	614
Provided/(released) in the year	6	(53)	(47)
Utilised in the year	(31)	(30)	(61)
Write back on closure	(49)	(457)	(506)
Balance at 31 March 2013	-	-	-
Analysis of expected timing of cash flows:			
Within 1 year	-	-	-
Over 2 up to 5 years	-	-	-
After five years	-	-	-
Balance at 31 March 2013	-	-	-

The provision for personal injury was based on claims initiated against the College. The amount of the provision represented an assessment of the cost to the College based on legal advice and covered the estimated compensation and relevant legal costs.

The pension provision related to pension liabilities set up in previous years, part of which were payable monthly to two past employees and part a provision against future claims based on experience over the last five years.

All provisions were included as part of the sale to Capita on 28 February 2013 and so have been reported as a gain in these accounts.

Note 16. Public Dividend Capital

	31 Mar 13 £'000	31 Mar 12 £'000
Issued pursuant to Government Trading Funds Act 1973	-	**16,721**

Following the sale of the business assets and related liabilities to Capita, the remaining assets and liabilities were transferred to DCLG at their net book value. The cash balance at closure was utilised in part payment of the government loans and accrued interest to 28 February 2013. All Public Dividend Capital was waived by DCLG in March 2013.to enable the Fire Service College Trading Fund to close on 31 March 2013 (see the details in the Statement of Changes in Taxpayers' Equity for the Year ended 31 March 2013).

Note 17. Notes to the Statement of Cash Flows

	Year ended 31 Mar 13 £'000	Year ended 31 Mar 12 restated £'000
Net cash (outflow)/inflow from operating activities		
Net deficit for the year after interest	(4,704)	(2,567)
Depreciation of property, plant and equipment	2,259	2,156
Amortisation of intangible assets	147	240
Loss/(profit) on revaluation of property, plant and equipment	-	(145)
Loss/(profit) on disposal of property, plant and equipment	(5)	(58)
Decrease in provisions in the year	(108)	(514)
Decrease/(increase) in inventories	(26)	13
Decrease/(increase) in trade and other receivables	(120)	5,225
Increase/(decrease) in trade and other payables	992	(5,857)
Net cash outflow from operating activities	**(1,565)**	**(1,507)**

Note that Operating activities are defined as activities during the trading period to 28 February 2013

Note 18. Analysis of change in financing

	Long Term Loans Repayable Within One Year £'000	Long Term Loans Repayable After One Year £'000	Total £'000
At 1 April 2012	67	4,485	4,552
Movement from long term to short term loan	4,485	(4,485)	-
Loans repaid	(3,585)	-	(3,585)
Loans waived by DCLG	(967)	-	(967)
At 31 March 2013	-	-	-

Note 19. Capital Commitments

At 31 March 2013 the College had no contractual commitments for capital expenditure in respect of the acquisition of property, plant and equipment. In 2011-12 there were commitments of £128,000 which were made up as follows:

	31 Mar 13 £'000	31 Mar 12 £'000
Buildings	-	16
Computer equipment	-	39
Fireground Facilities	-	15
Vehicles, furniture and equipment	-	58
Total capital commitments	**-**	**128**

Note 20. Commitments under Leases

20.1 Operating Leases

The College entered into a number of leases in respect of photocopiers and printers. These were classified as operating leases and at 31 January 2012 all leases expired and had been extended on a short-term basis with nominal rentals being paid. The College did not hold any leases in respect of land and buildings (2011-12: nil).

Note 21. Contingent Liabilities

The College Trading Fund does not have any outstanding contingent liabilities. In 2011-12 two contingent liabilities were reported, one related to tax planning and one arising from a counter claim received in 2010 relating to debt recovery. Both have been resolved without materialising.

Note 22. Government grant reserve restatement

During the year, it was realised that the College had not updated its accounting policy relating to changes in the treatment of government grants introduced across government for the 2011-12 financial year. As a result, prior period adjustments have been made to the accounts the two years ended 31 March 2011 and 31 March 2012 as required by IAS 8.

Changes have been made to the individual reserve balances in the Statement of Taxpayers' Equity and the Statement of Financial Position with changes to income shown in the Statement of Comprehensive Income.

	as reported in 2011-12 accounts	Changes reported in 2012-13 accounts			
	Gov grant reserve	Gov grant reserve	Retained earnings	SoCI	Revaluation reserve
	£'000	£'000	£'000	£'000	£'000
At 31 March 2011	(14,642)	14,642	(15,261)	-	619
Gov grant rec'd	(432)	432	-	(432)	-
Gov grant amortisation	559	(559)	-	559	-
Revaluation surplus	(1,165)	1,165	-	-	(1,165)
Realised depreciation	95	(95)	-	-	95
At 31 March 2012	**(15,585)**	**15,585**	**(15,261)**	**127**	**(451)**

Note 23. Movement of College assets and liabilities

At 28 February 2013	FSC SoFP before closure	Net assets included in sale by DCLG to Capita	Transferred to DCLG	Loss arising from disposal
	£'000	£'000	£'000	£'000
Non-current assets				
Property, plant and equipment	36,722	30,932	5,790	0
Intangible assets	107	-	-	107
Total non-current assets	**36,829**	**30,932**	**5,790**	**107**
Current assets				
Inventories	64	64	-	-
Trade and other receivables	3,888	3,888	-	-
Cash and cash equivalents	3,828	-	3,828	-
Assets held for sale	-	-	-	-
Total current assets	**7,780**	**3,952**	**3,828**	**-**
Total assets	**44,609**	**34,884**	**9,618**	**107**
Current liabilities				
Trade and other payables	(5,316)	(4,545)	(771)	-
Loans	(4,470)	-	(3,503)	(967)
Provisions	(506)	(506)	-	-
Total current liabilities	**(10,292)**	**(5,051)**	**(4,274)**	**(967)**
Net assets	**34,317**	**29,833**	**5,344**	**(860)**

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The College Statement of Financial Position included a number of entries summarised above. This note shows that the book value of College net assets transferred to DCLG and subsequently included in the sale to Capita was £29.8 million. A net £5.3 million of assets were transferred and retained by DCLG.

Note 24. Statement of Losses, Special and Other Payments

During the year the Directors procured an investigation by PricewaterhouseCoopers into the recoverability of a large European debt and sought further advice from DCLG. After due consideration, it was concluded that the recoverability actions would take considerable time and cost, without the confidence that the third party would be able to clear the debt if successful. As such, the Directors and DCLG agreed that the best course of action was to write off the debt of £719,652, that had been 100% provided for in 2011-12.

Note 25. Related Party Transactions

As stated in the Annual Report, the College was an Executive Agency, with Trading Fund status. Responsibility for the College rested with DCLG. In the normal course of its business, the College provided fire related training to the public and private sectors. During the period, the College had a significant number of material transactions with related parties as follows:

- DCLG: revenue of £nil (2011-12; £0.8 million); transfer of land and buildings of £4.5 million net (2011-12 £nil) (Note 7), repayment of the Government Loans £3.6 million (2011-12 £19,000), and waiver of PDC £16.7 million (2011-12 £nil) (Note 16);
- UK FRS: revenue of £6.0 million (2011-12; £7.7 million); expenditure of £1.7 million (2011-12; £1.7 million);
- Other Government Agencies:
  - National Resilience Assurance Team: £1.4 million revenue (2011-12; £1.8 million);
  - The Department of Health: £0.3 million revenue (2011-12; £0.1 million);
  - HM Prison Service: £nil million revenue (2011-12; £0.2 million);
  - The Environment Agency: £0.2 million revenue (2011-12; £0.1 million);
  - The Home Office: £4.0 million expenditure (2011-12; £5.0 million);
  - HM Revenue & Customs: £0.2 million expenditure (2011-12; £0.4 million);
- Mr Vogel's services as Interim Finance and Commercial Director were procured by the College through Opus One Consultancy Limited, of which Mr. Vogel is a major shareholder. For 2012-13, expenditure of £141,081 (2011-12: £104,000) including VAT was invoiced by the company in respect of his services and the College had a nil balance as at 28 February 2013;
- Mr Copley's services as Interim Business Development Director were procured by the College, from 1 June 2011, through Linden Lea International Limited, of which Mr. Copley is a major shareholder. For 2012-13, expenditure of £106,848 (2011-12: £92,000) including VAT was invoiced by the company in respect of his services and the College had a £24,444 accrual balance as at 28 February 2013.

Trade receivable balances with related parties are summarised in Note 10.1. Trade and other payable balances with related parties are summarised in Note 13.

None of the College's Management Board members, key management staff or other related parties undertook any material transactions with the College during the year except as noted above.

No Directors of the College recorded in the Register of Interests during the year shareholdings in companies with which the College had business dealings except as noted above.

Note 26. Third party assets

The College did not hold any third party assets.

Note 27. Trading fund objectives

The DCLG Secretary of State determined financial objectives for the Fire Service College Trading Fund. These were confirmed by Treasury Minute dated 12 October 2009.

The financial objective for the College was to achieve a return of a minimum of 4% averaged over the period 1 April 2009 to 28 February 2013, in the form of a surplus on ordinary activities before interest and dividends expressed as a percentage of average capital employed.

The trading deficit of £3.5 million before interest (2011-12: £2.2 million deficit) represented a negative return on the average net assets employed of 12.6% (2011-12: negative return 5.4%). The cumulative negative return on average net assets for the 3 year period 1 April 2010 to 31 March 2013 was 29.1% (2011-12: 18.5%).

Note 28. Financial instruments

	At 31 March 2013			At 31 March 2012		
	Carrying value		Fair value	Carrying value		Fair value
	£000s	£000s	£000s	£000s	£000s	£000s
Financial assets						
Loans and receivables at amortised cost						
Trade receivables	-	-	-		2,962	2,962
Other receivables	-	-	-	305		
Less: Non-financial assets	-	-	-	(34)	271	271
Cash and cash equivalents		-	-		2,781	2,781
		-	-		**6,014**	**6,014**
Financial liabilities - at amortised cost						
Trade payables		-	-		668	668
Long term loans		-	-		4,485	4,491
		-	-		**5,153**	**5,159**

The total instalments of capital and interest remaining to be paid to extinguish the long-term loans over their contracted terms amounted to £nil million (2011-12: £16.0 million).

Note 29. Capital management and financial risks

Capital management

The capital structure of the College is presented in the Statement of Financial Position. The College's policy was to ensure that adequate financial resources were available for the management and development of the College's business whilst managing its market and credit risks. Note 16 provides details of its Public Dividend Capital (PDC) and, in addition, the College had several long-term Government and other loans outlined in Notes 14.1, 14.2 and 14.3 to the Accounts. In March 2013, the Government loans were party repaid before the remaining balance, and full balance of the PDC, was waived.

Liquidity risk

The responsibility for the overall financing of the College rested with DCLG which would have provided financial support for any shortfall in available cash resources to meet the operating costs of the College. As a result, the College did not have significant exposure to liquidity risks.

Interest rate risk

The interest bearing loans represent nil% (2011-12: 11.9%) of Total Taxpayers' Equity and the interest rate was fixed. Deposits which earned interest at a variable rate against bank base rate represented nil% (2011-12: 7.3%) of Total Taxpayers' Equity.

The College had a number of loans with HM Treasury via the DCLG Secretary of State. Interest rates were fixed for the entire period of the loans. The College, therefore, had no exposure to interest rate fluctuations. All these loans have now been repaid or waived.

Foreign currency risk

The College had an immaterial exposure to liabilities or expenditure denominated in foreign currencies.

Credit risk

The majority of the College's revenue came from services provided to Government departments and other public sector bodies, and this revenue had low exposure to credit risk. The College had credit risk with regard to overseas and private sector receivables. Management had procedures in place to manage and minimise the risk of losses from default.

Market risk

Approximately 66% of total revenues in 2012-13 were derived from the public sector (2011-12: 66%) which has been subject to continuing budget constraints, adversely impacting on their overall training spend at the College.

Given the budget pressures of its UK customers, the degree of competition and the College's high overheads the FRS market outlook is conservative. As a result, the College remained focused on growing its international business.

Interoperability was a key requirement of local and national resilience, which were mutually dependant and vital to national security. As such, as well as maintaining the FRS business and growing International business, the College's strategy also included the development of this emerging market for multi-agency interoperability, including joint training and exercising. Multi-agency training included other responders and critical infrastructure organisations and was not limited to the emergency services.

The College's revenue fell significantly in the last three years, but management stabilised the business, significantly reducing costs and improving operational and commercial controls to provide a platform for future growth. There was still a market risk to the College but this was addressed by developing a much more focused business in better shape for competing in both the UK and the overseas marketplace. Note the business is now under the control of Capita plc.

Sensitivity analysis

A review of the various market risks to which the College was exposed, indicated that a sensitivity analysis was not necessary for most risks, due to immateriality as in the case of currency or interest rate risk. As stated before, most customers were UK Government funded, but the College had a potential credit risk with overseas customers, although most of these are also funded by their own governments.

Note 30. Events after the reporting period

No significant events have taken place since 31 March 2013 that have not been accounted for within the Financial Statements and which require further disclosure.

DCLG has subsequently received £0.9 million in payment of the final amount due from the sale.

The College's Annual Report and Accounts are laid before the Houses of Parliament. IAS 10 (Events after the Reporting Period) requires the College to disclose the date on which the accounts are authorised for issue. The authorised date for issue is the date the Annual Report and Accounts are certified by the Comptroller and Auditor General.

9 Appendix: Accounts Direction

Appendix: Accounts Direction given by The Treasury in accordance with Section 4(6)(A) of The Government Trading Funds Act 1973

1. This direction applies to the trading funds listed in the attached appendix.
2. These trading funds shall prepare accounts for the year ended 31 March 2013 in compliance with the accounting principles and disclosure requirements of the edition of the Government Financial Reporting Manual issued by H M Treasury ("the FReM") which is in force for 2012-13.
3. The accounts shall be prepared so as:
   (a) to give a true and fair view of the state of affairs as at 31 March 2013 and of the income and expenditure, changes in taxpayers' equity, and cash flows of the trading fund for the year then ended; and
   (b) to provide disclosure of any material income or expenditure that has not been applied to the purposes intended by Parliament, or material transactions that have not conformed to the authorities which govern them.
4. Compliance with the requirements of the FReM will, in all but exceptional circumstances, be necessary for the accounts to give a true and fair view. If, in these exceptional circumstances, compliance with the requirements of the FReM is inconsistent with the requirement to give a true and fair view, the requirements of the FReM should be departed from only to the extent necessary to give a true and fair view. In such cases, informed and unbiased judgement should be used to devise an appropriate alternative treatment which should be consistent with both the economic characteristics of the circumstances concerned and the spirit of the FReM. Any material departure from the FReM should be discussed in the first instance with HM Treasury.

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