

WARRINGTON & VALE ROYAL COLLEGE
(FORMERLY WARRINGTON COLLEGIATE)

Financial Statements
For the Year Ended 31 July 2017

WARRINGTON & VALE ROYAL COLLEGE

(FORMERLY WARRINGTON COLLEGIATE)

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STRATEGIC REPORT

Nature, Objectives and Strategies:

The Members present their report and the audited financial statements for the year ended 31 July 2017.

Legal Status

The Corporation was established under The Further and Higher Education Act 1992 for the purpose of conducting Warrington & Vale Royal College. The College is an exempt charity for the purposes of Part 3 of the Charities Act 2011.

The Corporation was incorporated as Warrington Collegiate. On 27 July 2017, the Secretary of State granted consent to the Corporation to change the College's name to Warrington & Vale Royal College with effect from 1 August 2017.

Public Benefit

Warrington & Vale Royal College is an exempt charity under Part 3 of the Charities Act 2011 and following the Machinery of Government changes in July 2016 is regulated by the Secretary of State for Education. The members of the Governing Body, who are trustees of the charity, are disclosed on pages 16 and 17.

In setting and reviewing the College's strategic objectives, the Governing Body has had due regard for the Charity Commission's guidance on public benefit and particularly upon its supplementary guidance on the advancement of education. The guidance sets out the requirement that all organisations wishing to be recognised as charities must demonstrate, explicitly, that their aims are for the public benefit.

In delivering its vision and mission, the College provides the following identifiable public benefits through the advancement of education:

- High-quality teaching
- Widening participation and tackling social exclusion
- Excellent employment record for students
- Strong student support systems
- Links with employers, industry and commerce
- Links with Local Enterprise Partnerships (LEPs)

Vision, Mission, Values, Strategic Aims and Key Priorities

Established in August 2017 from a merger between Warrington Collegiate and Mid Cheshire College, Warrington & Vale Royal College is a new college for Cheshire, delivering qualifications to around 10,000 learners across the towns and surrounding areas of Warrington, Northwich and Winsford. Warrington Collegiate was ranked 8th nationally for overall achievement in the DfE achievement tables published in 2017.

Following consultation with the College Management Team (CMT) and wider staff, the College has refreshed its Vision, Mission and Values and has outlined 20 key priorities to be achieved during the period 2017-18, linked to two strategic aims as follows:

Our Vision

To become bigger, stronger and better for Warrington and Cheshire. Defining our own educational character in the best interests of our learners, key stakeholders and economic growth. Shaping the new college as an effective and strategically significant learning organisation in the Further Education sector.

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Our Mission

Realising potential; transforming lives.

Our Values

Our core values and conduct will be at the heart of every decision we make.

1. **We put our learners and customers first** - prioritising learners and their learning and progress, delighting our customers
2. **We recognise that people are our greatest asset** – retain and recruit the most talented staff, investing in them to fulfil their potential, creating a wealth of opportunities for personal development and progression, creating a culture of co-prosperity
3. **We pursue excellence in all we do** – a passion for high quality education, training and skills solutions, holding ourselves to the highest possible standards, meeting (and exceeding) targets, making improvements, valuing creativity
4. **We are open to change** – looking forward to the future, anticipating market needs and demands, maintaining a growth mind-set, exploring new routes to partnership, collaboration and growth
5. **We operate ethically and responsibly** - acting with integrity, with high levels of accountability and complete transparency, treating others fairly and with respect

Warrington & Vale Royal College Strategic Aims and Priorities 2017 - 18

Strategic Aim 1: Becoming an outstanding College

1	Secure Ofsted and QAA recognition as good or better and significant progress against all areas for improvement detailed in the Mid Cheshire College Ofsted report in interim inspection monitoring visits.
2	Secure outstanding achievement rates in education and training for all age groups. Maintain a top ten position for achievement in the General Further Education College national league tables.
3	Secure outstanding achievement rates in apprenticeships, overall and timely.
4	Invest in the learning infrastructure to support new, creative and digital pedagogies (e-learning) and independent learning.
5	Review the structure and staffing of English to improve achievement rates further and in maths to arrest the decline in achievement rates, especially at the 3-4 grade boundary. Continue to embed comprehensive and fully inclusive literacy and numeracy strategies.
6	Work collaboratively to invest in a range of high quality and impactful professional learning opportunities and whole college events for staff and governors, with a focus on: <ol style="list-style-type: none"> a. excellence in teaching, learning and assessment b. technical and professional updating c. leadership, management and governance d. organisational culture

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|---|--|
| 7 | Manage and plan learning support, learner welfare and pastoral strategies so that they are fit for purpose and resources are allocated effectively. Become an 'attachment aware' college, meeting the support and welfare needs of the most vulnerable learners and enabling their achievement. |
| 8 | Embed the use of the data dashboard and reporting from ProMonitor and Smart Assessor so that automated, user-friendly, relevant and timely MIS reports assist with the monitoring of learners' academic progress and their timely achievement, tracking value added and informing early intervention and support for "at risk" learners. |
| 9 | Undertake a root and branch review of key college processes to ensure that they are fit for purpose and efficient, prioritising key areas of challenge as follows: <ul style="list-style-type: none"> a. Careers advice and guidance in-line with Gatsby benchmarks and areas of focus b. Stakeholder engagement; especially parents, local authorities and feeder schools c. Data protection in-line with new General Data Protection Regulations (GDPR) d. Learner involvement including; student leadership, volunteering and mentoring e. Transportation (free or otherwise) into college to boost recruitment f. Human Resources, in-line with Investors in People recommendations g. International citizenship and volunteering as part of enrichment |

Strategic Aim 2: Stability, Growing in Size and Reputation

- | | |
|----|--|
| 10 | Realise the financial benefits of the merged college as we move forward, improving productivity and efficiency so that the College can achieve at least satisfactory, leading to good, financial health and meet all financial objectives. |
| 11 | Meet all income targets, especially for apprenticeships, adult and higher education, projects and full cost provision. |
| 12 | Develop and resource a coherent marketing and recruitment strategy including; digital media, sales, customer relationship and business development activities to raise awareness of the Warrington & Vale Royal College brand and sub-brands, enhance our reputation and meet recruitment targets. |
| 13 | Drive the capacity to invest in the college and support further growth opportunities, in particular, the establishment of 'sister' sixth forms and 'enhanced academic routes' in Warrington and Winsford. |
| 14 | Develop a curriculum plan that is firmly rooted in the aims and aspirations of the modern industrial strategy, lifelong learning, Post-Sixteen Skills Plan and, in particular, the refreshed Cheshire and Warrington Strategic Economic Plan (SEP), key components as follows: <ul style="list-style-type: none"> a. A range of clear progression routes at all levels (Entry upwards) into positive destinations; higher level study or work, with a particular focus on the development of graduate pathways from levels 4 and 5 to 6 and 7. b. A strong college-based technical option, adopting new technical qualifications as they become available, linked with SEP priority sectors. A programme of study which has common features to and – crucially - parity of esteem with the enhanced academic option outlined below, notably a sustained, high quality workplace experience and work-based project. c. A reformed employment-based, apprenticeship option, adopting new standards, |

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especially at the higher and degree level, as they become available, linked with LEP priority sectors.

- d. A common core for technical options, co-taught wherever possible.
- e. An enhanced academic option, adopting reformed A level pathways, linked closely with SEP priority sectors and sharing some features with the college-based technical options outlined above; notably a sustained, high quality workplace experience and a work-based Extended Project Qualification.
- f. The wherewithal for learners to switch between applied academic and technical options at an appropriate point in their studies.
- g. Technical part-time and distance learning options, when available, to appeal to those already in work looking to re-skill or up-skill.
- h. Closer links with local employers in key sectors to co-create and more finely tune the curriculum offer to meet their needs.

15 Successfully deliver the Adult and Community Learning (ACL) Strategy "Resilience 2020" ensuring that ACL is characterised by excellent outcomes, progression, high levels of learner satisfaction, value for money and engagement of hard to reach adults.

16 Embed several, vitally important cross-curricula themes as follows:

- a. Maths: keeping pace with raised requirements pre and post-sixteen; level two maths for those who have not achieved GCSE; core maths with some applied academic programmes - becoming a centre of excellence for numeracy and the teaching of maths.
- b. English: keeping pace with raised requirements pre and post-sixteen; level two English for those who have not achieved GCSE; focus on reading and improving reading age - becoming a centre of excellence for literacy and the teaching of English.
- c. Innovation and research: equipping learners with the skills to undertake research and enquiry through work-related and other projects; ensuring a pipeline of young people and adults with naturally enquiring minds for an innovative economy.
- d. Employability: workplace experience, work-related projects, employers co-creating the curriculum, careers advice and guidance in-line with Gatsby benchmarks.
- e. Emotional resilience and mental wellbeing: a key focus for tutorials and the elective options to tackle the rising numbers of young people and adults who experience poor mental health.
- f. Equality and diversity and the importance of British values.
- g. Safeguarding to include health and safety and on-site security and critical incident management.

17 Over time, secure capital funding to drive areas of growth (see 14 and 15 above) and in support of the sectors and areas of focus articulated in the Cheshire and Warrington SEP.
In the short-term

- a. A bid for an Institute of Technology in the **Human Health, Life Sciences and Pharmaceuticals sector**, closely aligned with the Cheshire Science Corridor / Enterprise Zone and working alongside key employers such as Advanced Medical Solutions (Winsford) and Dechra Pharmaceuticals (Northwich).
- b. **The Chemicals sector**, working alongside key employers such as Tata Chemicals (Northwich and Middlewich), Compass Minerals (Winsford) and Unilever (Warrington).

In the medium term

- c. **Energy and the Environment sector**, working alongside key local employers in the nuclear industry such as National Nuclear Laboratories, Amec Foster Wheeler, Rolls Royce Nuclear and Sellafield (Birchwood Park, Warrington).
- d. **Manufacturing and Advanced Engineering sector**, working alongside key local

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<p>employers such as Plastic Omnium (Warrington).</p> <p>e. Financial and Business Services sector, working alongside key employers such as Barclays (Knutsford and Northwich).</p>
<p>18 Develop and implement a Commercial Strategy, focusing on the sectors, areas of focus and ambitions for growth articulated in the Cheshire and Warrington SEP (see 17 above). Stimulate investment from commercial partners and deliver successful, collaborative and lucrative activity, enabling the College to meet growth and income targets.</p>
<p>19 Develop an estates strategy, situated in the programmes to develop 'Warrington New Garden City' and 'Winsford Whole Place', that maximises space utilisation and delivers the curriculum plan in the short, medium and long-term.</p>
<p>20 Engage with the key stakeholders driving local economic initiatives in Warrington, Winsford and Northwich to ensure the college is well-placed to serve the needs of the local economy and the communities it serves. In particular, further develop relationships with key employers such as Warrington and Halton Hospitals NHS Foundation Trust and Network Warrington.</p>

CURRENT AND FUTURE DEVELOPMENT AND PERFORMANCE

Student Numbers

In 2016/17 the College has delivered activity that has produced £11,876k in recurrent grant funding from the ESFA and HEFCE (2015/16 - £11,650K). The College had 7,106 funded students, of which 693 were subcontracted, and approximately 543 non-funded students. A further 323 students took out adult learner loans and an additional 446 were on HE programmes.

Student Achievements

In 2016/17 the overall Classroom Based Learning achievement rate was 90.0%, an increase of 3.2% points from 2015/16. 16-18 success rates improved by 0.5% points to 85.5%, 2.9% points above the PGA and 19+ success rates improved by 0.6% points to 93.2%, 3.7% points above PGA. Apprenticeship achievement rates were 73.0% for the overall completion of Apprenticeship programmes, an increase of 6.1% points from 2015/16.

College Improvement Plan

The College's Improvement Plan provides detailed actions which are being implemented to achieve the key priorities and over-arching strategic aims, vision and mission. The Improvement Plan is linked with the college self-assessment report, risk register and KPIs. Progress against KPIs is monitored every month at Executive Leadership Team 'ELT' monitoring meetings and in all full Board and Board Committee meetings. Progress against the actions in the Improvement Plan is added at the end of every term and monitored at that time.

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Performance Indicators

The Corporation use the following KPIs:

KPI No	Strategic Objective 1: Becoming an Outstanding College - <i>Monitored by Standards & Curriculum Committee</i>		
	Achievement gaps in success rates between all protected characteristics groups to be no greater than 3%. Equality objectives are measured in Tier 2 KPIs.	Target	Achieved
1.1	16 - 18 Retention	93%	89.9%
1.2	16 - 18 Pass	94%	95.1%
1.3	16 - 18 Achievement	87%	85.5%
2.1	16-18 % achievement with grades 4 - 9 (A* - C) in English GCSE	55%	46.3%
2.2	16 - 18 % students with grade 3 achieving 4 or above in English	80%	74.4%
2.3	16 - 18 % students with Grade F achieving E or better in English	95%	84.6%
2.4	16 - 18 % students with Grade G achieving F or better in English	100%	88.9%
2.5	16 - 18 % students with Grade U achieving G or better in English	100%	96.4%
3.1	16-18 % achievement with grades 4 - 9 (A* - C) in maths GCSE	55%	23.7%
3.2	16 - 18 % students with grade 3 achieving 4 or above in maths	80%	26%
3.3	16 - 18 % students with Grade F achieving E or better in Maths	40%	33.8%
3.4	16 - 18 % students with Grade G achieving F or better in Maths	40%	29.4%
3.5	16 - 18 % students with Grade U achieving G or better in Maths	80%	52.2%
4.1	19+ Retention	96%	95.6%
4.2	19+ Pass	98%	97.8%
4.3	19+ Achievement	94%	93.4%
5.1	Higher Education Retention (Academic)	95%	90%
5.2	Higher Education Pass	96%	95%
5.3	Higher Education Achievement Rate	91%	85.5%
6.1	Apprenticeship achievement All (overall)	75%	73%
6.2	Apprenticeship achievement 16-18 (overall)	75%	81.2%
6.3	Apprenticeship achievement 19-23 (overall)	78%	75.5%
6.4	Apprenticeship achievement 24+ (overall)	72%	62.4%
6.5	Apprenticeship achievement All (timely)	64%	66.4%
6.6	Apprenticeship achievement 16-18 (timely)	68%	70.4%
6.7	Apprenticeship achievement 19-23 (timely)	66%	75%
6.8	Apprenticeship achievement 24+ (timely)	60%	56.3%
7	ALPS VA Score	3	4
8.1	Advisory lesson observation grades 1-2 % (All grades before intervention)	80%	82%
8.2	Advisory lesson observation grades 1-2 % (Final grade after intervention)	85%	95%
8.3	% of observations completed of teachers/tutors	99%	99%
8.4	% of observations completed of assessors	99%	90%
8.5	Number of learning walks completed	800	601
9.1	Learner satisfaction quartile - Agree would recommend to a friend	A	A
9.2	Learner satisfaction quartile - Agree teaching on course is good	A	A
9.3	Employer satisfaction [FE Choices]	8.5	9.2%
10.1	Level 3 progression to HE [16 - 18]	50%	Not yet available
10.2	Total positive progression [16 - 18]	94%	Not yet available
11.1	All Student attendance inc. English and maths (Aspirational)	93%	90%

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11.2	Staff attendance	98%	98%
11.3	HE Attendance	93%	90%
KPI No	Strategic Objective 2: Stability, Growing in Size and Reputation - Monitored by Finance Committee		
12.1	Surplus generated (after exceptional items)	£392,000	(£243,000)
12.2	Adjusted current ratio	0.49	0.42
12.3	Borrowings as a % of Income	29.6%	32.3%
12.4	Performance ratio %	7.08%	6.22%
12.5	Staff costs as % of income (excl subcontractor income)	68.24%	68.26%
12.5.1	Staff costs as % of income	65.33%	65.9%
12.5.2	Teaching costs	47.00%	47.00%
12.5.3	Non Teaching costs	18.00%	18.00%
12.6	Cash days in hand	10	5.45
12.7	Creditor days	44	53
12.8	Financial health grade	Satisfactory	Satisfactory
		£2,179,800	£2,910,000
13.1	Adult Education Budget (funding value)		
13.2	Adult Apprenticeship (funding value)	£750,000	£681,000
13.3	16-18 Apprenticeship (funding value)	£1,100,000	£1,064,000
13.4	16-18 Applications	1325	1281
13.5	HE enrolments (head count)	578	487
13.6	19+ loan income	£838,478	£662,021
13.7	Full cost	£501,838	£276,223
13.8	Fee collection (all)	£161,913	£413,247
13.9	Projects - ESF and Other	£634,100	£336,246
13.10	Average class size	15.5	14.1
14	Staff utilisation %	98%	98%

The College is committed to observing the importance of sector measures and indicators and uses the FE Choices data available on the GOV.UK website which looks at measures such as success rates. The College is required to complete the annual Finance Record for the Education Skills Funding Agency. The College is assessed by the Education Skills Funding Agency as having a "Satisfactory" financial health grading. The current rating of Satisfactory is considered an acceptable outcome.

FINANCIAL POSITION

Financial Results

The financial results relate to the legacy college, Warrington Collegiate, only.

By careful management of its cost base, the College generated a surplus of £98k (2015/16 surplus of £432k) before costs associated with the merger of £170k, exceptional restructuring costs of £143k (2015/16 £245k) offset by transition grant monies of £100k (2015/16 £nil), provision for repayment of Erasmus monies from prior years of £128k (2015/16 £nil) and before other comprehensive income in the year of £2,081k (2015/16 – other comprehensive income of (£1,981k) with total comprehensive income of £1,838k, (2015/16 –£(1,794k)).

The College has accumulated reserves of £(2,359)k (2015/16 £4,197k) and cash balances of £234k (2015/16 £484k) including endowments. The College wishes to accumulate reserves and cash balances in order to further strengthen its financial position. The net liabilities position arises due to the defined benefit pension liability for the local government pension scheme of

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£8,403k (2015/16 £10,199k). If the pension liability was excluded from the balance sheet the accumulated reserves position would be £6,034k positive (2015/16: £5,992k positive).

The College has significant reliance on the ESFA and HEFCE for its principal funding source, largely from recurrent grants. In 2016/17 the ESFA and HEFCE provided 78% of the College's total income.

The College has two subsidiary companies, Company Plus Limited and Warrington Business School Limited which were dormant throughout the year.

Treasury Policies and Objectives

Treasury management is the management of the College's cash flows, its banking, money market and capital market transactions; the effective control of the risks associated with those activities; and the pursuit of optimum performance consistent with those risks.

The College has a separate treasury management policy in place.

Short term borrowing for temporary revenue purposes is authorised by the Accounting Officer. All other borrowing requires the authorisation of the Corporation and shall comply with the requirements of the Financial Memorandum.

Cash Flows

Cash outflows total £250k (2015/16 inflow of £409K), operating cash flow from operating activities has fallen compared to the previous year due to costs associated with merger of £313k and a fall in income.

Liquidity

The College had an overdraft facility of up to £350k. There are also loans totalling £4,741k at 31 July 2017. On merger the College restructured its finance facilities, details of which are in Note 18.

The size of the College's total borrowing and its approach to interest rates has been calculated to ensure a reasonable cushion between the total cost of servicing debt and operating cashflow.

Reserves Policy

The Corporation reviews the reserve levels of the College annually at the year end and as part of its budget planning. This review encompasses the nature of the income and expenditure streams, the need to match income with commitments and the nature of reserves. The aim is to provide sufficient working capital to cover delays between spending and receipt of grants and to provide a cushion to deal with unexpected emergencies such as urgent maintenance.

Payment performance

The Late Payment of Commercial Debts (Interest) Act 1998, which came into force on 1 November 1998, requires Colleges, in the absence of agreement to the contrary, to make payments to suppliers within 30 days of either the provision of goods or services or the date on which the invoice was received. The target set by the Treasury for payment to suppliers within 30 days is 95 per cent. During the accounting period 1 August 2016 to 31 July 2017, the College paid 86.8 per cent of its invoices within 30 days.

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Post-balance Sheet Events

The College merged with Mid-Cheshire College on 1 August 2017 and changed its name on the same date to Warrington & Vale Royal College.

The assets and liabilities of Mid-Cheshire College were transferred to Warrington Collegiate on merger.

In addition, to facilitate the merger the College agreed a new finance facility with its bankers resulting in the refinance of a loan facility. Further details are included in note 18.

Future Developments

Following a review of Further Education provision across Cheshire and Warrington the College Corporation agreed to merge with Mid Cheshire College on 1 August 2017. It was on this date that Warrington Collegiate changed its name to Warrington & Vale Royal College. This process saw Mid Cheshire College dissolve and transfer all its assets and liabilities to Warrington & Vale Royal College at their carrying amounts.

The merged college will build on the key strengths of each former College, creating a stronger organisation delivering high quality education and skills training for learners and employers. The merger will also create a financially robust College that will be more efficient and effective than the previous separate Colleges and maximise the benefits to learners and make best use of public funding.

Staff and Student Involvement

The College Marketing and Communication strategy highlights the means of communication with staff which the college considers to be effective including a weekly briefing, alongside the cycle of management and team meetings. These are augmented by the Principal's meeting schedule. Staff comments and suggestions are collected through a variety of methods and are used to inform action planning.

Student involvement is facilitated through the Learner Involvement Strategy. Direct feedback is through a system of course representatives, the Student Leadership Team, student focus groups and representation on formal committees by students drawn from course representatives. Student views are actively sought through representative meetings with the Principal, benchmarked surveys, course representative dialogue with course teams and Curriculum Managers.

Taxation

The College is not liable for any Corporation Tax arising from its activities during the year.

RESOURCES

The College has various resources that it can deploy in pursuit of its strategic objectives.

Tangible resources include the main college site, the smaller site at Museum Street and £234k including endowments held in cash at the year-end date.

Financial

The College has £(2.4) million of net liabilities (including £8.4 million pension liability) and bank loans of £4.7 million.

People

The College employs 268 people (expressed as full time equivalents), of whom 187 are teaching staff.

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Reputation

The College has a good reputation locally and regionally. Maintaining a quality brand is essential for the College's success at attracting students and external relationships.

PRINCIPAL RISKS AND UNCERTAINTIES

The College continues to work to further develop and embed the system of internal control, including financial, operational and risk management which is designed to protect the College's assets and reputation.

Strategic risks to the College are identified and allocated to a Senior Post holder (Risk Owner) to manage. The risk is assessed as to the severity of likelihood and impact if it was not managed, and assigned a numerical value for each (from 1-5) based on this assessment. Existing controls are identified and considered as to the level they reduce the potential impact of the risk, again with a numerical value assigned to provide the managed risk score. The Risk Owner determines if further controls are needed as required. Detailed guidance on the level of risk considered to be acceptable/unacceptable by the College is set out in the risk management strategy. The Strategic risks are reported to Audit Committee at least termly and are managed through Senior Management meetings.

Outlined below is a description of the principal financial risk factors that may affect the College. Not all the factors are within the College's control and other factors besides those listed below may also adversely affect the College.

1. Government Funding

The College has considerable reliance on continued government funding through the ESFA and HEFCE. In 2016/17, 78% of the College's revenue was from such funding contracts. Given cuts to public funding the College has identified the need to diversify income sources in the future and this is explicit in the College's Strategic Statement. The College is aware of several issues which may impact on future funding, including apprenticeship reforms and the devolution of the adult education budget. The College, in conjunction with its stakeholders, is developing a strategy for growth in response to the devolution agenda and to the apprenticeships reform. It is recognised that the introduction of the apprenticeship levy will significantly affect that marketplace though the full implications are not yet known as government policy continues to develop.

The risk is mitigated in a number of ways:

- Funding is derived through a number of direct and indirect contractual arrangements
- By ensuring the College is rigorous in delivering high quality education and training
- Considerable focus and investment is placed on maintaining and managing key relationships with the various funding bodies
- Ensuring the College is focused on those priority sectors which will continue to benefit from public funding
- Regular dialogue with funding bodies

2. Tuition fee policy

Ministers have confirmed that the fee assumption remains at 50%. In line with the majority of other colleges, Warrington & Vale Royal College will seek to increase tuition fees in accordance with the fee assumptions. The price elasticity of adult learning for the College is not yet fully understood. The risk for the College is that demand falls off as fees increased. This will impact on the growth strategy of the College.

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This risk is mitigated in a number of ways:

- By ensuring the College is rigorous in delivering high quality education and training, thus ensuring value for money for students
- Close monitoring of the demand for courses as prices change

3. Maintain adequate funding of pension liabilities

The financial statements report the share of the pension scheme deficit on the College's balance sheet in line with the requirements of FRS 102.

This risk is mitigated by an agreed deficit recovery plan with Cheshire Pension Scheme.

4. Failure to maintain the financial viability of the College

The College's current financial health grade is classified as satisfactory. Notwithstanding that, the continuing challenge to the College's financial position remains the constraint on further education funding arising from the ongoing cuts in public sector spending whilst maintaining the student experience.

This risk is mitigated in a number of ways:

- By rigorous budget setting procedures and sensitivity analysis
- Monthly budget monitoring
- Robust financial controls
- Exploring ongoing procurement efficiencies

STAKEHOLDER RELATIONSHIPS

Warrington & Vale Royal College has a wide range of stakeholders who include: Students, Education sector funding bodies, Staff, local employers (with specific links), Local Authorities, Local Enterprise Partnerships (LEPs), the local community, other FE/HE institutions, Trade unions and professional bodies.

The College recognises the importance of these relationships and engages in regular communication with all partners and stakeholders.

Equality

The College's commitment to Equality is confirmed through the College mission, values and strategic aims. The College promotes equality amongst its staff, learners, employers, parents and other stakeholders. It is the aim of the College that all students, staff and stakeholders work together, showing respect for each other and valuing differences. Equality is promoted through a variety of means including strategic documents, policies and procedures, publications, and special events, and curriculum design and delivery.

The Equality Policy demonstrates the College's commitment to ensuring that equality issues are at the heart of its work. Leadership and commitment at all levels of the College are central to the success of the policy and the College works proactively to reinforce the benefits of a diverse student-staff population, enhancing the learning process, the programmes offered and the local and regional impact and reputation of the College.

The College's Equality Policy and action plan are published on the College's Internet site.

The College is committed to the Two Ticks Award for supporting workers with disabilities and offering an automatic interview where their skills and experience meet the required criteria. The College automatically sends any vacant posts to the Employment team at Warrington Disability Partnership to enable them to promote the vacancies.

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The College works with Access to Work to ensure individual members of staff are able to participate fully in College life, for example buying specialist equipment for a member of lecturing staff. A significant number of staff have also used health and safety funding to secure adapted chairs, foot rests and gel mats to aid long term medical conditions, such as back pain and repetitive strain injury.

The staff induction programme and continuing professional development events ensure effective training for staff and managers with regards their respective roles and responsibilities in terms of equality and diversity.

Disability Statement

The College seeks to achieve the objectives set down in the Equality Act 2010.

- The College rebuild, completed in 2007, was designed under Part M of Building Regulations to ensure full access and meet DDA requirements. A full access audit of the Warrington site has been undertaken by external experts based in Warrington Disability Partnership and a full access audit was conducted at the Hartford site in 2002-2003 and has been updated for new buildings and site modifications.
- Learning support needs are addressed particularly through the Learner Facilitator Team:
 - The Additional Learning Support Manager is notified of any additional support needs during the admissions process and attends interviews when necessary. The ALS Manager provides information and guidance and arranges support in class, at lunchtimes and breaks and for transport.
 - Specialist equipment such as Dictaphones, laptops etc. are available for loan. Readers and scribes are also provided to support in class or during exams and British Sign Language interpreters assist learners with hearing impairments. Assistive technology is available in the Learning Resource Centre and in IT rooms.
 - Learning Facilitators are provided to assist all learners to access the full range of curriculum and to help them achieve their full potential. Staff development and specialist training is undertaken to ensure skills and qualifications are kept up to date.
- The Admissions Policy and Procedure including the Appeals Procedure are published on the College Internet site.
- Specialist programmes are published in the College prospectus and success rates included in College performance reports.
- Counselling and welfare services are available through Learner Services. Students are made aware of these services through information at interview, on enrolment, on the Internet, Intranet, published materials, induction programme and the Learning mentor system.

If appropriate, risk assessments are undertaken for students with disabilities or medical needs.

WARRINGTON & VALE ROYAL COLLEGE

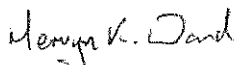
(FORMERLY WARRINGTON COLLEGIATE)

STRATEGIC REPORT

Disclosure of Information to Auditors

The members who held office at the date of approval of this report confirm that, so far as they are each aware, there is no relevant audit information of which the College's auditors are unaware; and each member has taken all the steps that he or she ought to have taken to be aware of any relevant audit information and to establish that the College's auditors are aware of that information.

Approved by order of the members of the Corporation on 15 January 2018 and signed on its behalf by:



Mr M Ward
Chair
15 January 2018

WARRINGTON & VALE ROYAL COLLEGE

(FORMERLY WARRINGTON COLLEGIATE)

KEY MANAGEMENT PERSONNEL, BOARD OF GOVERNORS AND PROFESSIONAL ADVISERS

Key Management Personnel

Key management personnel are defined as members of the College Leadership Team and were represented by the following in 2016/17:

Nichola Newton, Principal and CEO, Accounting Officer

Michelle Seeley, Deputy Principal Finance and Resources

Susan Treacy, Deputy Principal Curriculum and Quality

Victoria Harte, Assistant Principal Employer and Commercial Services

Board of Governors

A full list of Governors is given on pages 16-17 of these financial statements.

Laura Churchill acted as Clerk to the Corporation throughout the period.

Principal Place of Business

Warrington & Vale Royal College, Winwick Road, Warrington, WA2 8QA

Professional Advisors

Financial Statements Auditors and Reporting Accountants

Grant Thornton UK LLP

Chartered Accountants and Statutory Auditor

4 Hardman Square

Spinningfields

Manchester

M3 3EB

Internal Auditors

RSM Risk Assurance Services LLP

3 Hardman Street

Manchester

M3 3HF

Bankers

National Westminster Bank plc

PO Box 14, Sankey Street

Warrington

WA1 1XH

Barclays

1st Floor, 3 Hardman Street

Spinningfields

Manchester

M3 3AX

Solicitors

DWF LLP

1 Scott Place

2 Hardman Street

Manchester

M3 3AA

WARRINGTON & VALE ROYAL COLLEGE

(FORMERLY WARRINGTON COLLEGIATE)

STATEMENT OF CORPORATE GOVERNANCE AND INTERNAL CONTROL

The following statement is provided to enable readers of the annual report and accounts of the College to obtain a better understanding of its governance and legal structure. This statement covers the period from 1 August 2016 To 31 July 2017 and up to the date of approval of the annual report and financial statements.

The College endeavours to conduct its business:

- i. in accordance with the seven principles identified by the Committee on Standards in Public Life (selflessness, integrity, objectivity, accountability, openness, honesty and leadership)
- ii. in full accordance with the guidance to colleges from the Association of Colleges in The English Colleges' Foundation Code of Governance ("the Foundation Code"); and
- iii. having due regard to the UK Corporate Governance Code 2016 ("the Code") insofar as it is applicable to the further education sector.

The College is committed to exhibiting best practice in all aspects of corporate governance and in particular the Board has adopted and complied with the Foundation Code. We have not adopted and therefore do not apply the UK Corporate Governance Code. However, we have reported on our Corporate Governance arrangements by drawing upon best practice available, including those aspects of the UK Corporate Governance Code we consider to be relevant to the further education sector and best practice.

In the opinion of Governors, the College complies with all the provisions of the Foundation Code, and it has complied throughout the year ended 31 July 2017. The Governing Body recognises that, as a body entrusted with both public and private funds, it has a particular duty to observe the highest standards of corporate governance at all times. In carrying out its responsibilities, it takes full account of The English Colleges' Foundation Code of Governance issued by the Association of Colleges in March 2015, which it formally adopted in October 2015.

The College is an exempt charity within the meaning of Part 3 of the Charities Act 2011. The Governors, who are also the Trustees for the purposes of the Charities Act 2011, confirm that they have had due regard for the Charity Commission's guidance on public benefit and that the required statements appear elsewhere in these financial statements.

THE CORPORATION

The members who served the Corporation during the year and up to the date of signature of this report were as listed in the table below:

Name	Date of Appointment	Term of Office	Date of Resignation	Status of Appointment	Committees Served	Attendance in 2016/17
Mr D Ashton	5 Dec 2007 2 Dec 2009	2 years	31 July 2017	Student Member	Standards and Curriculum Search and Governance	88%
	7 Dec 2011 9 Dec 2016	4 years		External Member	Standards and Curriculum Search and Governance	
Mr O Burton	11 Mar 2016	4 years		External Member	Audit Committee	83%
Mr P Fitzhenry	12 Mar 2014	4 years		External Member	Finance, HR and Estates Committee	67%
Mr J Joyce	6 Dec 2006 6 Dec 2010	4 years		External Member	Vice Chairman: Finance, HR and	100%

WARRINGTON & VALE ROYAL COLLEGE

(FORMERLY WARRINGTON COLLEGIATE)

STATEMENT OF CORPORATE GOVERNANCE AND INTERNAL CONTROL

Name	Date of Appointment	Term of Office	Date of Resignation	Status of Appointment	Committees Served	Attendance in 2016/17
	4 Dec 2014				Estates	
Ms N Newton	17 Feb 2016	As long as in office		Principal/Chief Executive	Finance, HR and Estates Search and Governance Standards and Curriculum	82%
Mr A Quayyum	5 Dec 2012	4 years		External Member	Finance, HR and Estates (resigned) and became Chairman: Audit Committee	100%
Mr D Shaw	3 July 2013	4 years		External Member	Audit Committee	88%
Ms A Viar	11 Mar 2016	2 years	14 September 2017	Student Governor	Standards and Curriculum	0%
J Pyrah	9 March 2017	2 years	31 July 2017	Student Governor	Standards and Curriculum Committee	33%
A Gani-Shaikh	9 March 2017	4 years	31 July 2017	External Member	Audit Committee	63%
A McIntosh Scott	9 September 2016	4 years		External Member	Standards and Curriculum Committee	83%
K Phillips	9 December 2016	4 years	12 may 2017	External Member	Finance, HR and Estates	100%
B Smith	9 December 2016	4 years	31 July 2017	External Member	Standards and Curriculum Committee	67%
M Smith	9 March 2017	4 years	31 July 2017	Staff Governor	Standards and Curriculum Committee	100%
J Sumner	19 April 2017	4 years	31 July 2017	External Member	Standards and Curriculum Committee	50%
M Ward	9 December 2016	4 years		External Member (Chair)	Senior Staff Salaries; Finance, HR and Estates	100%
M Pearce	12 September 2017	4 years	31 July 2017	Staff Governor	Standards and Curriculum Committee	100%
Mrs L Churchill	31 May 2016			Clerk to the Corporation	All Committees served	Full Corporation served

It is the Corporation's responsibility to bring independent judgement to bear on issues of strategy, performance, resources and standards of conduct.

The Corporation is provided with regular and timely information on the overall financial performance of the College together with other information such as performance against funding targets, proposed capital expenditure, quality matters and personnel related matters such as health and safety and environmental issues. The Corporation meets each term.

The Corporation conducts its business through a number of committees. Each committee has terms of reference which have been approved by the Corporation. These committees are: Audit, Finance, Human Resources and Estates, Senior Staff Salaries, Search and Governance and Standards and Curriculum.

WARRINGTON & VALE ROYAL COLLEGE

(FORMERLY WARRINGTON COLLEGIATE)

STATEMENT OF CORPORATE GOVERNANCE AND INTERNAL CONTROL

Full minutes of all meetings, except those deemed to be confidential, are available from the Clerk to the Corporation at:

Warrington & Vale Royal College
Winwick Road
Warrington
WA2 8QA

The Clerk to the Corporation maintains a register of financial and personal interests of the Governors. The register is available for inspection at the above address.

All Governors are able to take independent professional advice in furtherance of their duties at the College's expense and have access to the Clerk to the Corporation who is responsible to the Board for ensuring that all applicable procedures and regulations are complied with. The appointment, evaluation and removal of the Clerk are matters for the Corporation as a whole.

Formal agendas, papers and reports are supplied to Governors in a timely manner, prior to Board meetings. Briefings are also provided on an ad-hoc basis.

The Corporation has a strong and independent non-executive element and no individual or group dominates its decision-making process. The Corporation considers that each of its non-executive Members is independent of management and free from any business or other relationship which could materially interfere with the exercise of their independent judgement.

There is a clear division of responsibility in that the roles of the Chair of the Corporation and the Principal of the College are separate.

CORPORATION PERFORMANCE

The Board completed a robust self-assessment review in September 2016 of individual Members' contributions and the performance of the Board as a whole. The self-assessments were further supported by individual governance discussions held between the Chair and each Corporation Member to accurately identify areas of strength and areas for development in governance. The Board's performance was also assessed against the Foundation Code of Good Governance in November 2016 and the Board, Clerk and Internal Auditors were satisfied that the Board adhered to the requirements and best practice set out in the Foundation Code of Good Governance for English Colleges. A governance action plan is in place to strengthen the Board's performance and is monitored by the Search and Governance Committee. Performance of the Corporation is also assessed within the leadership and management section of the College's Self-Assessment Review.

APPOINTMENTS TO THE CORPORATION

Any new appointments to the Corporation are a matter for the consideration of the Corporation as a whole. The Corporation has a Search and Governance Committee comprising four Members which is responsible for the selection and nomination of any new Member for the Corporation's consideration. The Corporation is responsible for ensuring that appropriate training is provided as required.

Members of the Corporation are appointed for a term of office not exceeding four years.

SENIOR STAFF SALARIES COMMITTEE

Throughout the year ending 31 July 2017, the College's Senior Staff Salaries Committee comprised five Members. The Committee's responsibilities are to make recommendations to the Board on the remuneration and benefits of the Principal and other senior post holders.

WARRINGTON & VALE ROYAL COLLEGE

(FORMERLY WARRINGTON COLLEGIATE)

STATEMENT OF CORPORATE GOVERNANCE AND INTERNAL CONTROL

Details of remuneration for the year ended 31 July 2017 are set out in note 8 to the financial statements.

AUDIT COMMITTEE

The Audit Committee comprises four Members of the Corporation (excluding the Principal and Chair). The Committee operates in accordance with written terms of reference approved by the Corporation with a particular emphasis on risk management.

The Audit Committee meets on a termly basis and provides a forum for reporting by the College's internal, regularity and financial statement auditors who have access to the Committee for independent discussion, without the presence of College management. The Committee also receives and considers reports from the main FE funding bodies as they affect the College's business.

The College's internal auditors monitor the systems of internal control, risk management controls and governance processes in accordance with an agreed plan of input and report their findings to management and the Audit Committee.

Management are responsible for the implementation of agreed audit recommendations and internal audit undertake periodic follow-up reviews to ensure such recommendations have been implemented.

The Audit Committee also advises the Corporation on the appointment of internal, regularity and financial statement auditors and their remuneration for both audit and non-audit work as well as reporting annually to the Corporation.

INTERNAL CONTROL

Scope of Responsibility

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

The Corporation has delegated day-to-day responsibility to the Principal, as Accounting Officer, for maintaining a sound system of internal control that supports the achievement of the College's policies, aims and objectives whilst safeguarding the public funds and assets for which she is personally responsible in accordance with the responsibilities assigned to her in the Financial Memorandum between Warrington & Vale Royal College and the funding bodies. She is also responsible for reporting to the Corporation any material weaknesses or breakdowns in internal control.

The Purpose of the System of Internal Control

The system of internal control is designed to manage risk to a reasonable level rather than to eliminate all risk of failure to achieve policies, aims and objectives; it can therefore only provide reasonable and not absolute assurance of effectiveness. The system of internal control is based on an on-going process designed to identify and prioritise the risks to the achievement of College policies, aims and objectives, to evaluate the likelihood of those risks being realised and the impact should they be realised and to manage them efficiently, effectively and economically. The system of internal control has been in place in Warrington & Vale Royal College for the year ended 31 July 2017 and up to the date of approval of the annual report and accounts.

WARRINGTON & VALE ROYAL COLLEGE

(FORMERLY WARRINGTON COLLEGIATE)

STATEMENT OF CORPORATE GOVERNANCE AND INTERNAL CONTROL

Capacity to Handle Risk

The Corporation has reviewed the key risks to which the college is exposed together with the operating, financial and compliance controls that have been implemented to mitigate those risks. The Corporation is of the view that there is a formal on-going process for identifying, evaluating and managing the College's significant risks that has been in place for the period ending 31 July 2017 and up to the date of approval of the annual report and accounts. This process is regularly reviewed by the Corporation.

The Risk and Control Framework

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

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

Warrington & Vale Royal College has an internal audit service which operates in accordance with the requirements of the ESFA's Post 16 Audit Code of Practice. The work of the internal audit service is informed by an analysis of the risks to which the College is exposed and annual internal audit plans are based on this analysis. The analysis of risks and the internal audit plans are endorsed by the Corporation on the recommendation of the Audit Committee. At minimum, annually, the Head of Internal Audit provides the Corporation with a report on internal audit activity in the College. The report includes the Head of Internal Audit's independent opinion on the adequacy and effectiveness of the College's system of risk management controls and governance processes.

Review of Effectiveness

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

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

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

The Principal and senior management team receives reports setting out key performance and risk indicators and considers possible control issues brought to their attention by early warning mechanisms, which are embedded within the departments and reinforced by risk awareness training. The Principal and senior management team and the Audit Committee also receive regular reports from internal audit, which include recommendations for improvement. The Audit Committee's role in this area is confined to a high level review of the arrangements for internal

WARRINGTON & VALE ROYAL COLLEGE

(FORMERLY WARRINGTON COLLEGIATE)

STATEMENT OF CORPORATE GOVERNANCE AND INTERNAL CONTROL

control. The Corporation's agenda includes a regular item for consideration of risk and control and receives reports thereon from the senior management team and the Audit Committee. The emphasis is on obtaining the relevant degree of assurance and not merely reporting by exception. At its December 2017 meeting, the Corporation carried out the annual assessment for the year ended 31 July 2017 by considering documentation from the senior management team and internal audit, and taking account of events since 31 July 2017.

Based on the advice of the Audit Committee and the Principal, the Corporation is of the opinion that the College has an adequate and effective framework for governance, risk management and control, and has fulfilled its statutory responsibility for "the effective and efficient use of resources, the solvency of the institution and the body and the safeguarding of their assets".

Going Concern

Following resolution by Warrington Collegiate and Mid-Cheshire College Corporation boards, all the assets and liabilities of Mid-Cheshire College transferred into Warrington Collegiate on 1 August 2017. Warrington Collegiate was renamed Warrington & Vale Royal College on the same date.

The activities of the College, together with the factors likely to affect its future development and performance are set out in the Strategic Report. The financial position of the College, its cashflow, liquidity and borrowings are described in the financial statements and accompanying Notes.

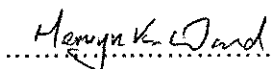
The College primarily meets its day to day working capital requirements through cash generated from its day to day activities. It also has two loans with Barclays Bank plc, which at 31 July 2017 had a balance of £3.3m due for repayment over a period of 14 years and £1.3m due for repayment over a period of 4 years. The College also has a revolving loan facility of up to £2.5m of which £1m was drawn down at the time of approving the financial statements.

Under the terms of the College's facilities with Barclays Bank plc, the College is required to comply with a series of financial covenants. However, the College's forecasts for the year-ending 31 July 2018 indicate that not all these requirements may be met. The Corporation have in place plans to rectify this position and are also in discussions with Barclays Bank plc, such that they expect existing facilities to continue to be available for the foreseeable future.

On this basis, the members of the Corporation have a reasonable expectation that the College has adequate resources to continue in operational existence for the foreseeable future, being a period of not less than 12-months from the date of approval of these financial statements. For these reasons, they continue to adopt the going concern basis in preparing the annual report and accounts.

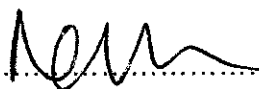
Approved by order of the members of the Corporation on 15 January 2018 and signed on its behalf by:

Signed



Date: 15 January 2018
Mervyn Ward, Chair

Signed



Date: 15 January 2018
Nichola Newton, Accounting Officer

WARRINGTON & VALE ROYAL COLLEGE

(FORMERLY WARRINGTON COLLEGIATE)

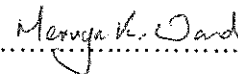
STATEMENT OF REGULARITY, PROPRIETY AND COMPLIANCE

The Corporation has considered its responsibility to notify the Education and Skills Funding Agency (ESFA) of material irregularity, impropriety and non-compliance with terms and conditions of funding, under the college's financial memorandum. As part of our consideration we have had due regard to the requirements of the financial memorandum.

We confirm, on behalf of the Corporation, that after due enquiry, and to the best of our knowledge, we are able to identify any material irregular or improper use of funds by the College, or material non-compliance with the terms and conditions of funding under the College's financial memorandum.


We confirm that no instances of material irregularity, impropriety or funding non-compliance have been discovered to date. If any instances are identified after the date of this statement, these will be notified to the ESFA.

Signed


.....

Date: 15 January 2018
Mervyn Ward, Chair

Signed


.....

Date: 15 January 2018
Nichola Newton, Accounting Officer

WARRINGTON & VALE ROYAL COLLEGE

(FORMERLY WARRINGTON COLLEGIATE)

STATEMENT OF RESPONSIBILITIES OF THE MEMBERS OF THE CORPORATION

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

Within the terms and conditions of the College's Financial Memorandum with the ESFA, the Corporation, through its Accounting Officer, is required to prepare financial statements for each financial year in accordance with the 2015 Statement of Recommended Practice – Accounting for Further and Higher Education and with the Accounts Direction 2016 to 2017 issued by the ESFA, and which gives a true and fair view of the state of affairs of the College and the result for that year.

In preparing the financial statements, the Corporation is required to:

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

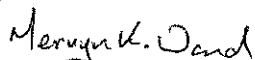
The Corporation is also required to prepare a strategic report, which describes what it is trying to do and how it is going about it, including the legal and administrative status of the College.

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

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

Members of the Corporation are responsible for ensuring that expenditure and income are applied for the purposes intended by Parliament and that the financial transactions conform to the authorities that govern them. In addition, they are responsible for ensuring that funds from the ESFA are used only in accordance with the Financial Memorandum with the ESFA and any other conditions that may be prescribed from time to time. Members of the Corporation must ensure that there are appropriate financial and management controls in place to safeguard public and other funds and ensure they are used properly. In addition, Members of the Corporation are responsible for securing economical, efficient and effective management of the College's resources and expenditure, so that the benefits that should be derived from the application of public funds from the ESFA are not put at risk.

Approved by order of the members of the Corporation on 15 January 2018 and signed on its behalf by:

Signed: 

Mervyn Ward, Chair

Date: 15 January 2018

WARRINGTON & VALE ROYAL COLLEGE

(FORMERLY WARRINGTON COLLEGIATE)

INDEPENDENT AUDITOR'S REPORT TO THE CORPORATION OF WARRINGTON & VALE ROYAL COLLEGE

Independent auditor's report to the Corporation of Warrington & Vale Royal College (formerly Warrington Collegiate)

Opinion

We have audited the financial statements of Warrington & Vale Royal College (formerly Warrington Collegiate) for the year ended 31 July 2017 which comprise the Statement of comprehensive income, the Statement of changes in reserves, the Balance Sheet, the Statement of cash flows and the notes to the financial statements, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting including Financial Reporting Standard 102, the Financial Reporting Standard applicable in the UK and Republic of Ireland (United Kingdom Generally Accepted Accounting Practice).

In our opinion the financial statements:

- give a true and fair view of the state of the College's affairs as at 31 July 2017 and of its deficit of income over expenditure for the year then ended, and
- have been prepared in accordance with the United Kingdom Generally Accepted Accounting Practice and the Statement of Recommended Practice – Accounting for Further and Higher Education issued in March 2014.

Basis for opinion

We have been appointed as auditor under the College's Articles of Government and report in accordance with regulations made under it. We conducted our audit in accordance with International Standards on Auditing (UK) ('ISAs (UK)') and applicable law. Our responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the financial statements section of our report. We are independent of the College in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Who are we reporting to

This report is made solely to the College's Corporation, as a body, in accordance with Article 22 of the College's Articles of Government. Our audit work has been undertaken so that we might state to the College's Corporation those matters we are required to state to it in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the College and the College's Corporation as a body, for our audit work, for this report, or for the opinions we have formed.

Conclusions relating to going concern

We have nothing to report in respect of the following matters in relation to which the ISAs (UK) require us to report to you where:

- the Corporation's use of the going concern basis of accounting in the preparation of the financial statements is not appropriate; or
- the Corporation have not disclosed in the financial statements any identified material uncertainties that may cast significant doubt about the College's ability to continue to adopt the going concern basis of accounting for a period of at least twelve months from the date when the financial statements are authorised for issue.

WARRINGTON & VALE ROYAL COLLEGE

(FORMELY WARRINGTON COLLEGIATE)

INDEPENDENT AUDITOR'S REPORT TO THE CORPORATION OF WARRINGTON & VALE ROYAL COLLEGE CONTINUED

Other information

The Corporation are responsible for the other information. The other information comprises the information included in the strategic report set out on pages 2 to 23 other than the financial statements and our auditor's report thereon. The Corporation are responsible for the other information. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon. In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether there is a material misstatement in the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

Matters on which we are required to report by exception

We have nothing to report in respect of the following matters where the Post-16 Audit Code of Practice issued by the Skills Funding Agency and Education Funding Agency requires us to report to you if, in our opinion:

- adequate accounting records have not been kept by the College; or
- the financial statements are not in agreement with the accounting records; or
- we have not received all the information and explanations we require for our audit.

Responsibilities of the Corporation for the financial statements

As explained more fully in the Statement of Responsibilities of the members of the Corporation set out on page 23 the College's Corporation is responsible for the preparation of financial statements and for being satisfied that they give a true and fair view, and for such internal control as the Corporation determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the Corporation are responsible for assessing the College's ability to continue as a going concern, disclosing, as applicable, matters relating to going concern and using the going concern basis of accounting unless the Corporation either intend to liquidate the College or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists.

Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

WARRINGTON & VALE ROYAL COLLEGE

(FORMELY WARRINGTON COLLEGIATE)

INDEPENDENT AUDITOR'S REPORT TO THE CORPORATION OF WARRINGTON & VALE ROYAL COLLEGE CONTINUED

A further description of the scope of an audit of financial statements is provided on the Financial Reporting Council's website at www.frc.org.uk/auditorsresponsibilities. This description forms part of our auditor's report.

Grant Thornton UK LLP

Grant Thornton UK LLP
Statutory Auditor, Chartered Accountants
Manchester

16 January 2018

WARRINGTON & VALE ROYAL COLLEGE
(FORMERLY WARRINGTON COLLEGIATE)
STATEMENT OF COMPREHENSIVE INCOME
For the year ended 31 July 2017

	Notes	2017 £'000	2016 £'000
INCOME			
Funding Body Grants	3	12,560	12,182
Tuition fees and education contracts	4	2,567	2,736
Other grants and contracts	5	393	406
Other income	6	499	808
Investment income	7	-	-
TOTAL INCOME		16,019	16,132
EXPENDITURE			
Staff costs	8	10,335	10,360
Fundamental restructuring costs	8	143	245
Other operating expenses	10	3,937	3,718
Merger costs	10	170	-
Depreciation	13	1,107	1,011
Interest and other finance costs	11	570	611
TOTAL EXPENDITURE		16,262	15,945
(Deficit) /Surplus before tax		(243)	187
Taxation	12	-	-
(Deficit)/Surplus for the year		(243)	187
OTHER COMPREHENSIVE INCOME			
Actuarial gain/(loss) in respect of pension schemes	21	2,081	(1,981)
Total comprehensive Income for the year		1,838	(1,794)
Represented by:			
Unrestricted comprehensive income		1,838	(1,794)
Restricted comprehensive income		-	-

All activities are classed as continuing activities.

The (deficit)/surplus for the year and total comprehensive income is attributable to Warrington & Vale Royal College. There are no non-controlling interests.

WARRINGTON & VALE ROYAL COLLEGE

(FORMERLY WARRINGTON COLLEGIATE)

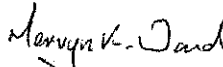
COLLEGE STATEMENT OF CHANGES IN RESERVES FOR THE YEAR ENDED 31 JULY 2017


	Income and Expenditure Account £'000	Revaluation Reserve £'000	Restricted Reserve £'000	Total £'000
BALANCE AT 1 August 2015	(4,086)	1,644	39	(2,403)
Surplus from the income and expenditure account	187	-	-	187
Other comprehensive income	(1,981)	-	-	(1,981)
Transfers between revaluation and income and expenditure reserves	20	(20)	-	-
	(1,774)	(20)	-	(1,794)
BALANCE AT 31 JULY 2016	(5,860)	1,624	39	(4,197)
Deficit from the income and expenditure account	(243)	-	-	(243)
Other comprehensive income	2,081	-	-	2,081
Transfers between revaluation and income and expenditure reserves	21	(20)	(1)	-
Total comprehensive income for the year	1,859	(20)	(1)	1,838
BALANCE AT 31 JULY 2017	(4,001)	1,604	38	(2,359)

WARRINGTON & VALE ROYAL COLLEGE
(FORMERLY WARRINGTON COLLEGIATE)
BALANCE SHEET As at 31 July 2017

	Notes	2017 £'000	2016 £'000
NON CURRENT ASSETS			
Tangible assets	13	22,201	22,721
Investments	14	100	100
TOTAL NON CURRENT ASSETS		22,301	22,821
CURRENT ASSETS			
Stock		7	7
Trade and other receivables	15	1,195	1,011
Cash and cash equivalents	20	234	484
Total Current Assets		1,436	1,502
Less: Creditors - amounts falling due within one year	16	(3,744)	(3,765)
NET CURRENT LIABILITIES		(2,308)	(2,263)
TOTAL ASSETS LESS CURRENT LIABILITIES		19,993	20,558
Creditors - amounts falling due after more than one year	17	(13,319)	(13,827)
PROVISIONS:			
Defined benefit obligation	21	(8,403)	(10,199)
Other provisions	19	(630)	(729)
TOTAL NET LIABILITIES		(2,359)	(4,197)
UNRESTRICTED RESERVES			
Income and expenditure account		(4,001)	(5,860)
Revaluation reserve		1,604	1,624
TOTAL UNRESTRICTED RESERVES		(2,397)	(4,236)
RESTRICTED RESERVES		38	39
TOTAL RESERVES		(2,359)	(4,197)

The financial statements on pages 28 to 54 were approved and authorised for issue by the Corporation on 15 January 2018 and were signed on its behalf by:


 - Mervyn Ward
 - Chair


 - Nichola Newton
 - Accounting Officer

WARRINGTON & VALE ROYAL COLLEGE

(FORMERLY WARRINGTON COLLEGIATE)

STATEMENT OF CASH FLOWS

For the year ended 31 July 2017

	Notes	2017 £'000	2016 £'000
CASH FLOW FROM OPERATING ACTIVITIES			
(Deficit)/Surplus for the year		(243)	187
Adjustment for non-cash items			
Depreciation		1,107	1,011
Decrease in stock		-	1
Decrease in debtors		(184)	232
Decrease in creditors due within one year		(136)	(607)
Decrease in creditors due more than one year		(325)	(352)
(Decrease)/Increase in provisions		(99)	1
Pensions costs less contributions payable		285	206
Taxation		-	-
Adjustment for investing or financing activities			
Investment income		-	-
Interest payable		325	324
NET CASH FLOW FROM OPERATING ACTIVITIES		730	1,003
CASH FLOWS FROM INVESTING ACTIVITIES			
Payments made to acquire fixed assets		(302)	(171)
		(302)	(171)
CASH FLOWS FROM FINANCING ACTIVITIES			
Interest paid		(296)	(310)
Interest element of finance lease rental payments		(29)	(14)
New unsecured loans		131	633
Repayments of amounts borrowed		(403)	(694)
Capital element of finance lease rental payments		(81)	(38)
		(678)	(423)
(DECREASE)/ INCREASE IN CASH AND CASH EQUIVALENTS IN THE YEAR		(250)	409
Cash and cash equivalents at beginning of year	20	484	75
Cash and cash equivalents at end of year	20	234	484

WARRINGTON & VALE ROYAL COLLEGE

(FORMERLY WARRINGTON COLLEGIATE)

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 July 2017

1 LEGAL STATUS AND REGISTERED OFFICE

The Corporation was established under the Further and Higher Education Act 1992 for the purpose of conducting Warrington & Vale Royal College. The College is incorporated in England and is an exempt charity for the purposes of Part 3 of the Charities Act 2011.

The College's registered office and principal place of business is Winwick Road, Warrington, WA2 8QA.

2 ACCOUNTING POLICIES

STATEMENT OF ACCOUNTING POLICIES

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

BASIS OF PREPARATION

These financial statements have been prepared in accordance with the Statement of Recommended Practice: Accounting for Further and Higher Education 2015 (the 2015 FE HE SORP), the College Accounts Direction for 2016 to 2017 and in accordance with Financial Reporting Standard 102 – 'The Financial Reporting Standard applicable in the United Kingdom and Republic of Ireland' (FRS 102). The College is a public benefit entity and has therefore applied the relevant public benefit requirements of FRS 102.

The preparation of financial statements in compliance with FRS 102 requires the use of certain critical accounting estimates. It also requires management to exercise judgement in applying the College's accounting policies.

The financial statements are presented in £ sterling.

BASIS OF ACCOUNTING

The financial statements are prepared in accordance with the historical cost convention modified by the revaluation of certain fixed assets and in accordance with applicable United Kingdom Accounting Standards.

GOING CONCERN

Following resolution by Warrington Collegiate and Mid-Cheshire College Corporation boards, all the assets and liabilities of Mid-Cheshire College transferred into Warrington Collegiate on 1 August 2017. Warrington Collegiate was renamed Warrington & Vale Royal College on the same date.

The activities of the College, together with the factors likely to affect its future development and performance are set out in the Strategic Report. The financial position of the College, its cashflow, liquidity and borrowings are described in the financial statements and accompanying Notes.

The College primarily meets its day to day working capital requirements through cash generated from its day to day activities. It also has two loans with Barclays Bank plc, which at 31 July 2017 had a balance of £3.3m due for repayment over a period of 14 years and £1.3m due for repayment over a period of 4 years. The College also has a revolving loan facility of up to £2.5m of which £1m was drawn down at the time of approving the financial statements.

WARRINGTON & VALE ROYAL COLLEGE

(FORMERLY WARRINGTON COLLEGIATE)

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 July 2017

Under the terms of the College's facilities with Barclays Bank plc, the College is required to comply with a series of financial covenants. However, the College's forecasts for the year-ending 31 July 2018 indicate that not all these requirements may be met. The Corporation have in place plans to rectify this position and are also in discussions with Barclays Bank plc, such that they expect existing facilities to continue to be available for the foreseeable future.

On this basis, the members of the Corporation have a reasonable expectation that the College has adequate resources to continue in operational existence for the foreseeable future, being a period of not less than 12-months from the date of approval of these financial statements. For these reasons, they continue to adopt the going concern basis in preparing the annual report and accounts.

BASIS OF CONSOLIDATION

The financial statements present information about the College as an individual undertaking and not about its group. The subsidiaries have been excluded from consolidation on the grounds that they are immaterial. In accordance with FRS 102, the activities of the student union have not been consolidated because the College does not control those activities. All financial statements are made up to 31 July 2017.

RECOGNITION OF INCOME

Revenue grant funding

Government revenue grants include funding body recurrent grants and other grants and are accounted for under the accrual model as permitted by FRS 102. Funding body recurrent grants are measured in line with best estimates for the period of what is receivable and depend on the particular income stream involved. Any under achievement for the Adult Education Budget is adjusted for and reflected in the level of recurrent grant recognised in the income and expenditure account. The final grant income is normally determined with the conclusion of the year end reconciliation process with the funding body following the year end, and the results of any funding audits. 16-18 learner-responsive funding is not normally subject to reconciliation and is therefore not subject to contract adjustments.

The recurrent grant from HEFCE represents the funding allocations attributable to the current financial year and is credited direct to the Statement of Comprehensive Income.

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

Grants from non-government sources are recognised in income when the College is entitled to the income and performance related conditions have been met. Income received in advance of performance related conditions being met is recognised as deferred income within creditors on the balance sheet and released to income as the conditions are met.

Capital grant funding

Government capital grants are capitalised, held as deferred income and recognised in income over the useful economic life of the asset, under the accrual method as permitted by FRS 102. Other capital grants are recognised as income when the College is entitled to the funds subject to any performance related conditions being met. Income received in advance of performance related conditions being met is recognised as deferred income within creditors on the balance sheet and released to income as conditions are met.

Fee income

Income from tuition fees is stated gross of any expenditure which is not a discount and is recognised in the period for which it is received and includes all fees payable by students or their sponsors.

WARRINGTON & VALE ROYAL COLLEGE

(FORMERLY WARRINGTON COLLEGIATE)

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 July 2017

Investment income

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

Agency arrangements

The College acts as an agent in the collection and payment of certain discretionary support funds and education bursaries. Related payments received from the funding bodies and subsequent disbursements to students are excluded from the income and expenditure of the College where the College is exposed to minimal risk or enjoys minimal economic benefit related to the transaction.

ACCOUNTING FOR POST-EMPLOYMENT BENEFITS

Post-employment benefits to employees of the College are provided by the Teachers' Pension Scheme (TPS) and the Local Government Pension Scheme (LGPS). These are defined benefit schemes, which are externally funded.

Teachers' Pension Scheme (TPS)

The TPS is an unfunded scheme. Contributions to the TPS are calculated so as to spread the cost of pensions over employees' working lives with the College in such a way that the pension cost is a substantially level percentage of current and future pensionable payroll. The contributions are determined by qualified actuaries on the basis of valuations using a prospective benefit method.

The TPS is a multi-employer scheme and there is insufficient information available to use defined benefit accounting. The TPS is therefore treated as a defined contribution scheme and the contributions recognised as an expense in the statement of comprehensive income in the periods during which services are rendered by employees.

Cheshire Local Government Pension Scheme (LGPS)

The LGPS is a funded scheme. The assets of the LGPS are measured using closing fair values. LGPS liabilities are measured using the projected unit credit method and discounted at the current rate of return on a high quality corporate bond of equivalent term and currency to the liabilities. The actuarial valuations are obtained at least triennially and are updated at each balance sheet date. The amounts charged to operating surplus are the current service costs and the costs of scheme introductions, benefit changes, settlements and curtailments. They are included as part of staff costs incurred.

Net interest on the net defined benefit liability is also recognised in the Statement of Comprehensive Income and comprises the interest cost on the defined benefit obligation and interest income on the scheme assets, calculated by multiplying the fair value of the scheme assets at the beginning of the period by the rate used to discount the benefit obligations. The difference between the interest income on the scheme assets and the actual return on the scheme assets is recognised in interest and other finance costs.

Actuarial gains and losses are recognised immediately in actuarial gains and losses in other comprehensive income.

SHORT TERM EMPLOYMENT BENEFITS

Short term employment benefits such as salaries and compensated absences (holiday pay) are recognised as an expense in the year in which the employees render service to the College. Any unused benefits are accrued and measured as the additional amount the College expects to pay as a result of the unused entitlement.

WARRINGTON & VALE ROYAL COLLEGE

(FORMERLY WARRINGTON COLLEGIATE)

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 July 2017

ENHANCED PENSIONS

The actual cost of any enhanced on-going pension to a former member of staff is paid by the College annually. An estimate of the expected future costs of any enhancement to the on-going pension of a former member of staff is charged in full to the College's income in the year that the staff member retires. In subsequent years a charge is made to provisions in the balance sheet using the enhanced pension spreadsheet provided by the funding bodies.

NON-CURRENT ASSETS TANGIBLE FIXED ASSETS

Tangible fixed assets are stated at cost/deemed cost less accumulated depreciation. Certain items of fixed assets that had been revalued to fair value on or prior to the date of transition to the 2015 FE HE SORP, are measured on the basis of deemed cost, being the revalued amount at the date of that revaluation.

LAND AND BUILDINGS

Freehold buildings are depreciated over their expected useful economic life to the College; this is normally 50 years. Freehold land is not depreciated as it is considered to have an infinite useful life. Buildings fixtures have been separately identified and are now recognised as an asset class in their own right.

Land and Buildings inherited from the Local Education Authority are stated in the balance sheet at deemed cost on the date of transition. The associated credit is included in the revaluation reserve. The difference between depreciation charged on the historic cost of assets and the actual charge for the year calculated on the revalued amount is released to the income and expenditure account on an annual basis.

Where land and buildings are acquired with the aid of specific grants, they are capitalised and depreciated as above. The related grants are credited to a deferred income account within creditors and are released to the income and expenditure account over the expected useful economic life of the related asset on a systematic basis consistent with the depreciation policy. The deferred income is allocated between creditors due within one year and those due after more than one year.

A review for impairment of a fixed asset is carried out if events or changes in circumstances indicate that the carrying amount of any fixed asset may not be recoverable.

On adoption of FRS 102, the College followed the transitional provision to retain the book value of land and buildings, which were revalued in 2014, as deemed cost but not to adopt a policy of revaluations of these properties in the future.

Interest on borrowings to finance property development is capitalised. Interest is capitalised from the date work starts on the development to practical completion.

Subsequent expenditure on existing fixed assets

Where significant expenditure is incurred on tangible fixed assets it is charged to the income and expenditure account in the period it is incurred, unless it increases the future benefits to the College, in which case it is capitalised and depreciated on the relevant basis.

WARRINGTON & VALE ROYAL COLLEGE

(FORMERLY WARRINGTON COLLEGIATE)

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 July 2017

FIXTURES AND EQUIPMENT

Fixtures and Equipment costing less than £1,000 per individual item (£250 for computer equipment) is recognised as expenditure in the period of acquisition. All other equipment is capitalised at cost.

Capitalised fixtures and equipment are depreciated over their useful economic life on a straight line basis as follows:

Fixtures	-	13.3% per annum
General equipment	-	25.0% per annum
Computer equipment	-	25.0% per annum

No depreciation charge is charged in the year of acquisition.

Where fixtures and equipment is acquired with the aid of specific grants, it is capitalised and depreciated in accordance with the above policy, with the related grant being credited to a deferred income account within creditors and are released to the income and expenditure account over the expected useful economic life of the related asset on a systematic basis consistent with the depreciation policy. The deferred income is allocated between creditors due within one year and those due after more than one year.

LEASED ASSETS

Costs in respect of operating leases are charged on a straight-line basis over the lease term to the Statement of Comprehensive Income. Any lease premiums or incentives relating to leases signed after 1 August 2014 are spread over the minimum lease term.

Leasing agreements which transfer to the College substantially all the benefits and risks of ownership of an asset are treated as finance leases.

Assets held under finance leases are recognised initially at the fair value of the leased asset at the inception of the lease. The corresponding liability to the lessor is included in the balance sheet as a finance lease obligation. Assets held under finance leases are included in tangible fixed assets and depreciated and assessed for impairment losses in the same way as owned assets.

Minimum lease payments are apportioned between the finance charge and the reduction of the outstanding liability. The finance charges are allocated over the period of the lease in proportion to the capital element outstanding.

INVESTMENTS

Investments in subsidiaries are accounted for at cost less impairment in the individual financial statements.

INVENTORIES

Inventories are stated at the lower of their cost and net realisable value, being selling price less costs to complete and sell. Where necessary, provision is made for obsolete, slow moving and defective stocks.

CASH AND CASH EQUIVALENTS

Cash includes cash in hand, deposits repayable on demand and overdrafts. Deposits are repayable on demand if they are in practice available within 24 hours without penalty.

WARRINGTON & VALE ROYAL COLLEGE

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NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 July 2017

Cash equivalents are short term, highly liquid investments that are readily convertible to known amounts of cash with insignificant risk of change in value. An investment qualifies as a cash equivalent when it has maturity of 3 months or less from the date of acquisition.

FINANCIAL LIABILITIES AND EQUITY

Financial liabilities and equity are classified according to the substance of the financial instrument's contractual obligations, rather than the financial instrument's legal form.

All loans, instruments and short term deposits held by the College are classified as basic financial instruments in accordance with FRS 102. These instruments are initially recorded at the transaction price less any transaction costs (historical cost). FRS 102 requires that basic financial instruments are subsequently measured at amortised cost, however the College has calculated that the difference between the historical cost and amortised cost is not material and so these financial instruments are stated on the balance sheet at historical cost. Loans and investments that are payable or receivable within one year are not discounted.

MAINTENANCE OF PREMISES

The cost of routine corrective maintenance is charged to the statement of comprehensive income in the period it is incurred.

FOREIGN CURRENCY TRANSLATION

Assets and liabilities denominated in foreign currencies are translated at the rates of exchange ruling at the end of the financial year with all resulting exchange differences being taken to income in the period in which they arise. Transactions denominated in foreign currencies are recorded using the rate of exchange ruling at the date of transaction.

TAXATION

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

The College is partially exempt in respect of Value Added Tax, so that it can only recover a minor element of VAT charged on its inputs. Irrecoverable VAT on inputs is included in the costs of such inputs and added to the cost of tangible fixed assets as appropriate, where the inputs themselves are tangible fixed assets by nature.

PROVISIONS AND CONTINGENT LIABILITY

Provisions are recognised when

- the College has a present legal or constructive obligation as a result of a past event,
- it is probable that a transfer of economic benefit will be required to settle the obligation and
- a reliable estimate can be made of the amount of the obligation.

A contingent liability arises from a past event that gives the College a possible obligation whose existence will only be confirmed by the occurrence or otherwise of uncertain future events not wholly within the control of the College. Contingent liabilities also arise in circumstances where a provision would otherwise be made but either it is not probable that an outflow of resources will be required or the amount of the obligation cannot be measured reliably.

Contingent liabilities are not recognised in the balance sheet but are disclosed in the notes to the financial statements.

WARRINGTON & VALE ROYAL COLLEGE

(FORMERLY WARRINGTON COLLEGIATE)

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 July 2017

JUDGEMENTS IN APPLYING ACCOUNTING POLICIES AND KEY SOURCES OF ESTIMATION UNCERTAINTY

In preparing these financial statements, management have made the following judgements:

- Determine whether leases entered into by the College as a lessee are operating or finance leases. These decisions depend on an assessment of whether the risks and rewards of ownership have been transferred from the lessor to the lessee on a lease by lease basis.
- Determine whether there are indicators of impairment of the College's tangible fixed assets. Factors taken into consideration in reaching such a decision include the economic viability and expected future financial performance of the asset.

Other key sources of estimation uncertainty

- **Tangible fixed assets**
Tangible fixed assets are depreciated over their useful economic lives taking into account residual values, where appropriate. The actual lives of the assets and residual values are assessed annually and may vary depending on a number of factors. In re-assessing asset lives, factors such as technological innovation and maintenance programmes are taken into account.
- **Local Government Pension Scheme**
The present value of the Local Government Pension Scheme defined benefit liability depends on a number of factors that are determined on an actuarial basis using a variety of assumptions. The assumptions used in determining the net cost (income) for pensions include the discount rate. Any changes in these assumptions, which are disclosed in note 21, will impact the carrying amount of the pension liability. Furthermore, a roll forward approach which projects result from the latest full actuarial valuation performed at 31 March 2016 has been used by the actuary in valuing the pensions liability at 31 July 2017. Any differences between the figures derived from the roll forward approach and a full actuarial valuation would impact on the carrying amount of the pension liability.

3 FUNDING BODY GRANTS

	2017 £'000	2016 £'000
Recurrent grants		
Education and Skills Funding Agency – adult	2,941	2,750
Education and Skills Funding Agency – 16-18	6,637	6,602
Education and Skills Funding Agency – apprenticeships	1,746	1,782
Higher Education Funding Council	552	516
Construction Skills	73	78
Specific grants		
Education and Skills Funding Agency	252	83
Releases of government capital grants	359	371
Total	12,560	12,182

WARRINGTON & VALE ROYAL COLLEGE
(FORMERLY WARRINGTON COLLEGIATE)
NOTES TO THE FINANCIAL STATEMENTS
For the year ended 31 July 2017

4 TUITION FEES AND EDUCATION CONTRACTS

	2017	2016
	£'000	£'000
Adult education fees	690	865
Apprenticeship fees and contracts	1	-
Fees for FE loan supported courses	662	505
Fees for HE loan supported courses	904	873
Total tuition fees	2,257	2,243
Education contracts	310	493
Total	2,567	2,736

5 OTHER GRANTS AND CONTRACTS

	2017	2016
	£'000	£'000
Erasmus	245	299
European Commission	92	68
Other grants and contracts	56	39
Total	393	406

6 OTHER INCOME

	2017	2016
	£'000	£'000
Catering income	156	250
Projects income	-	113
Conferencing and facilities income	2	4
Other income generating activities	138	268
Examination income	140	133
Other miscellaneous income	63	40
Total	499	808

7 INVESTMENT INCOME

	2017	2016
	£'000	£'000
Other interest receivable	-	-
Net return on pension scheme (note 21)	-	-
Total	-	-

WARRINGTON & VALE ROYAL COLLEGE

(FORMERLY WARRINGTON COLLEGIATE)

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 July 2017

8 STAFF COSTS

The average number of persons (including key management personnel) employed by the College during the year, described as full-time equivalents, was

	2017 No.	2016 No.
Teaching staff	187	182
Non-teaching staff	81	81
	<u>268</u>	<u>263</u>

Staff costs for the above persons

	2017 £'000	2016 £'000
Wages and salaries	7,527	7,811
Social security costs	684	580
Other pension costs	1,528	1,432
	<u>9,739</u>	<u>9,823</u>
Payroll sub total		
Contracted out staffing services	596	537
	<u>10,335</u>	<u>10,360</u>
Fundamental restructuring costs		
-Contractual	137	128
-Non-Contractual	6	117
	<u>143</u>	<u>245</u>
Total Staff Costs	<u>10,478</u>	<u>10,605</u>

The severance payments included in restructuring costs were approved by the College's Corporation.

9 KEY MANAGEMENT PERSONNEL

Key management personnel are those persons having authority and responsibility for planning, directing and controlling the activities of the College and are represented by the College Leadership Team which comprises the Principal, Deputy Principals and Assistant Principal. Staff costs include compensation paid to key management personnel for loss of office.

Emoluments of key management personnel, Accounting Officer and other higher paid staff

	2017 No.	2016 No.
The number of key management personnel including the Accounting Officer was:	<u>4</u>	<u>4</u>

WARRINGTON & VALE ROYAL COLLEGE

(FORMERLY WARRINGTON COLLEGIATE)

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 July 2017

The number of key management personnel and other staff who received annual emoluments, excluding pension contributions and employer's national insurance but including benefits in kind, in the following ranges was:

	Key management personnel		Other staff	
	2017	2016	2017	2016
	No.	No.	No.	No.
£50,001 to £60,000	1	1		
£60,001 to £70,000	-	1	-	-
£70,001 to £80,000	-	-	-	-
£80,001 to £90,000	2	3	-	-
£90,001 to £100,000	-	-	-	-
£100,001 to £110,000	-	-	-	-
£110,001 +	1	1	-	-
	<u>4</u>	<u>6*</u>	<u>-</u>	<u>-</u>

*There was a change in Deputy Principal and Assistant Principal in the year ended 31 July 2016.

Key management personnel compensation is made up as follows:

	2017 £'000	2016 £'000
Salaries	358	365
Employers National Insurance	45	42
Benefits in kind	-	-
	<u>403</u>	<u>407</u>
Pension contributions	74	78
Total key management personnel compensation	<u>477</u>	<u>485</u>

There were no amounts due to key management personnel that were waived in the year, nor any salary sacrifice arrangements in place.

The above emoluments includes amounts payable to the Accounting Officer (who is also the highest paid officer) of:

	2017 £'000	2016 £'000
Salaries	125	125
Benefits in kind	-	-
	<u>125</u>	<u>125</u>
Pension contributions	20	20
	<u>145</u>	<u>145</u>

WARRINGTON & VALE ROYAL COLLEGE
(FORMERLY WARRINGTON COLLEGIATE)
NOTES TO THE FINANCIAL STATEMENTS
For the year ended 31 July 2017

Compensation for loss of office paid to former key management personnel

	2017	2016
	£'000	£'000
Compensation paid to the former post-holders – Non-contractual	-	61
Estimated value of other benefits, including provisions for pension benefits	-	-

The severance pay in 2016 was approved by the College's Corporation and relates to two former key management personnel.

The members of the Corporation other than the Accounting Officer and the staff members did not receive any payment from the College other than the reimbursement of travel and subsistence expenses incurred in the course of their duties.

10 OTHER OPERATING EXPENSES

	2017	2016
	£'000	£'000
Teaching costs	2,404	2,038
Non-teaching costs	609	711
Premises costs	924	969
	3,937	3,718
Non-teaching costs – merger related	170	-
Total	4,107	3,718

	2017	2016
	£'000	£'000
Other operating expenses include:		
Auditors' remuneration:		
Financial statements audit	25	29
Internal audit	20	16
Other services provided by the financial statements auditors – Teachers Pension Return	1	1
Other services provided by the internal auditors	-	-
Hire of assets under operating leases	26	26

WARRINGTON & VALE ROYAL COLLEGE
(FORMERLY WARRINGTON COLLEGIATE)
NOTES TO THE FINANCIAL STATEMENTS
For the year ended 31 July 2017

11 INTEREST AND OTHER FINANCE COSTS

	2017	2016
	£'000	£'000
On bank loans, overdrafts and other loans	296	310
Pension finance costs (note 21)	245	287
On finance leases	29	14
Total	570	611

12 TAXATION

The members do not believe the College was liable for any Corporation Tax arising out of its activities during the year.

13 TANGIBLE FIXED ASSETS

	Land & Buildings	Equipment	Total
	Freehold	Fixtures	
	£'000	£'000	£'000
Cost or valuation			
At 1 August 2016	28,036	1,692	33,219
Additions	-	-	587
Disposals	-	-	-
At 31 July 2017	28,036	1,692	33,806
Depreciation			
At 1 August 2016	6,393	1,416	10,498
Charge for the year	666	80	1,107
Elimination in respect of disposals	-	-	-
At 31 July 2017	7,059	1,496	11,605
Net book value at 31 July 2017	20,977	196	22,201
Net book value at 31 July 2016	21,643	276	22,721

WARRINGTON & VALE ROYAL COLLEGE

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NOTES TO THE FINANCIAL STATEMENTS

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If fixed assets had not been revalued before being deemed as cost on transition they would have been included at the following historical cost amounts:

	2017 £'000
Cost	-
Aggregate depreciation based on cost	-
Net book value based on cost	-

Land and buildings were revalued on 31 August 2014 at depreciated replacement cost by Lambert, Smith, Hampton, a firm of independent chartered surveyors. Fixed assets include assets with a net book value of £19,466k partially funded by grants from the SFA and RDA. Should these assets be sold, the College may be liable, under the terms of the Financial Memorandum, to surrender some of the proceeds. The depreciation charge on these assets for the year was £744k (2016: £744k).

The net book value of tangible fixed assets in relation to equipment includes an amount of £399,110 (2016:£185,388) in respect of assets held under finance leases. The depreciation charge on these assets for the year was £46,347 (2016: £2,093).

14 NON-CURRENT INVESTMENTS

	2017 £'000	2016 £'000
Investments in subsidiary companies	100	100

The College owns 100% of the issued ordinary £1 shares of Company Plus Limited, a company incorporated in England and Wales. The principal business activity of Company Plus Limited is the provision of conference and training facilities. The company ceased trading on 28th February 2006.

The College also owns 100% of the issued ordinary £1 shares of Warrington Business School Limited, a company incorporated in England and Wales. The company has never traded.

15 TRADE AND OTHER RECEIVABLES

	2017 £'000	2016 £'000
Amounts falling due within one year		
Trade receivables	401	380
Prepayments and accrued income	693	630
Other debtors	1	1
Amounts owed by the ESFA	100	-
Total	1,195	1,011

An impairment loss of £nil (2016:£nil) was recognised against debtors.

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16 CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	2017 £'000	2016 £'000
Bank loans and overdrafts (note 18)	397	347
Obligations under finance leases (note 18)	110	45
Payments received in advance	255	489
Trade payables	619	576
Amounts owed to subsidiary undertakings:	100	100
Corporation tax	-	-
Other taxation and social security	321	350
Accruals	996	729
Amounts owed to the ESFA	597	724
Deferred income – government capital grants	322	356
Other creditors	27	49
	<u>3,744</u>	<u>3,765</u>

Included within accruals is an accrual for holiday pay of £381k (2016: £410k).

17 CREDITORS: AMOUNTS FALLING DUE AFTER MORE THAN ONE YEAR

	2017 £'000	2016 £'000
Bank loans (note 18)	4,344	4,666
Obligations under finance leases (note 18)	222	83
Deferred income – government capital grants	8,753	9,078
	<u>13,319</u>	<u>13,827</u>

18 MATURITY OF DEBT

	2017 £'000	2016 £'000
Bank loans and overdrafts		
Bank loans and overdrafts are repayable as follows:		
In one year or less	397	347
Between one and two years	409	356
Between two and five years	1,573	1,746
In five years or more	2,362	2,564
Total	<u>4,741</u>	<u>5,013</u>

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Two bank loans are secured on the freehold land and buildings of the College. The first at a rate comprising 4.96% fixed rate, and a 2.7% fixed margin and payable by installments falling due between 1 August 2018 and 28 February 2031, totaling £3,275,585. The second at a rate comprising 2.2% above the base rate, payable by installments falling due between 1 August 2018 and 31 January 21, totaling £1,343,654. The second loan was restructured following the merger on 1 August 2017 with a revised rate of 3% margin on a floating rate basis. This is repayable by instalments from 1 August 2017 to 1 August 2022 with a final balloon balance of £880,576.

Finance Leases

The net finance lease obligations to which the college is committed are:

	2017 £'000	2016 £'000
In one year or less	110	45
Between one and two years	174	49
Between two and five years	48	34
In five years or more	-	-
Total	332	128

Finance lease obligations are secured on the assets to which they relate.

19 PROVISIONS FOR LIABILITIES AND CHARGES

	Defined Benefit Obligation £'000	Enhanced Pensions £'000	Total £'000
At 1 August 2016	10,199	729	10,928
Expenditure in the period	285	25	310
Movement in the period	(2,081)	(124)	(2,205)
At 31 July 2017	8,403	630	9,033

Defined benefit obligations relate to the liabilities under the College's membership of the Local Government pension scheme. Further details are given in Note 21.

The enhanced pension provision relates to the cost of staff that have already left the College's employ and commitments for reorganisation costs from which the College cannot reasonably withdraw at the balance sheet date. This provision has been recalculated in accordance with the guidance issued by the funding bodies.

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The principal assumptions for this calculation are:

	2017	2016
Price inflation	2.3%	2.3%
Discount rate	1.3%	1.3%

20 CASH AND CASH EQUIVALENTS

	At 1 August 2016 £'000	Cashflows £'000	Other Changes £'000	At 31 July 2017 £'000
Cash in hand, and at bank	445	(249)	-	196
Endowment asset investments	39	(1)	-	38
Cash and cash equivalents	484	(250)	-	234
Overdraft	-	-	-	-
Total	484	(250)	-	234

21 PENSIONS AND SIMILAR OBLIGATIONS

The College's employees belong to two principal pension schemes: the Teachers' Pensions Scheme England and Wales (TPS) for academic and related staff; and the Local Government Pension Scheme (LGPS) for non-teaching staff, which is managed by Cheshire West and Cheshire Council. Both are defined-benefit schemes.

	2017 £'000	2016 £'000
Total pension cost for the year		
Teachers' Pension Scheme: contributions paid	585	646
Local Government Pension Scheme: Contributions paid	1,034	991
FRS102 (28) charge/(credit)	40	(206)
Charge to the Statement of Comprehensive Income	1,074	785
Enhanced pension charge to Statement of Comprehensive Income	(131)	1
Total pension cost for year within staff costs	1,528	1,432

The pension costs are assessed in accordance with the advice of independent qualified actuaries. The latest formal actuarial valuation of the TPS was at 31 March 2012 and for the LGPS 31 March 2016.

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21 PENSIONS AND SIMILAR OBLIGATIONS (continued)

There were no prepaid contributions at either the beginning or the end of the financial year. Contributions amounting to £42k (2016 - £91k) were payable to the scheme at 31 July and are included within creditors.

Teachers' Pension Scheme

The Teachers' Pension Scheme (TPS) is a statutory, contributory, defined benefit scheme, governed by the Teachers' Pensions Regulations 2010, and, from 1 April 2014, by the Teachers' Pension Scheme Regulations 2014. These regulations apply to teachers in schools and other educational establishments, including academies, in England and Wales that are maintained by local authorities. In addition, teachers in many independent and voluntary-aided schools and teachers and lecturers in some establishments of further and higher education may be eligible for membership. Membership is automatic for full-time teachers and lecturers and, from 1 January 2007, automatic too for teachers and lecturers in part-time employment following appointment or a change of contract. Teachers and lecturers are able to opt out of the TPS.

The Teachers' Pension Budgeting and Valuation Account

Although members may be employed by various bodies, their retirement and other pension benefits are set out in regulations made under the Superannuation Act 1972 and are paid by public funds provided by Parliament. The TPS is an unfunded scheme and members contribute on a 'pay as you go' basis – these contributions, along with those made by employers, are credited to the Exchequer under arrangements governed by the above Act. Retirement and other pension benefits are paid by public funds provided by Parliament.

The Teachers' Pensions Regulations 2010 require an annual account, the Teachers' Pension Budgeting and Valuation Account, to be kept of receipts and expenditure (including the cost of pension increases). From 1 April 2001, the Account has been credited with a real rate of return, which is equivalent to assuming that the balance in the Account is invested in notional investments that produce that real rate of return.

Valuation of the Teachers' Pension Scheme

The latest actuarial review of the TPS was carried out as at 31 March 2012 and in accordance with The Public Service Pensions (Valuations and Employer Cost Cap) Directions 2014. The valuation report was published by the Department for Education (the Department) on 9 June 2014. The key results of the valuation are:

- new employer contribution rates were set at 16.48% of pensionable pay (including administrative fees of 0.08%);
- total scheme liabilities for service to the effective date of £191.5 billion, and notional assets of £176.6 billion, giving a notional past service deficit of £14.9 billion;
- an employer cost cap of 10.9% of pensionable pay.
- the assumed real rate of return is 3.0% in excess of prices and 2% in excess of earnings.

The real rate of earnings growth is assumed to be 2.75%. The assumed nominal return is 5.06%.

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For the year ended 31 July 2017

21 PENSIONS AND SIMILAR OBLIGATIONS (continued)

The new employer contribution rate for the TPS was implemented in September 2015. The next valuation of the TPS is currently underway based on April 2016 data, whereupon the employer contribution rate is expected to be reassessed and will be payable from 1 April 2019. A full copy of the valuation report and supporting documentation can be found on the Teachers' Pension Scheme website at the following location:

<https://www.teacherspensions.co.uk/news/employers/2014/06/publication-of-the-valuation-report.aspx>

Scheme Changes

Following the Hutton report in March 2011 and the subsequent consultations with trade unions and other representative bodies on reform of the TPS, the Department published a Proposed Final Agreement, setting out the design for a reformed TPS to be implemented from 1 April 2015.

The key provisions of the reformed scheme include: a pension based on career average earnings; an accrual rate of 1/57th; and a Normal Pension Age equal to State Pension Age, but with options to enable members to retire earlier or later than their Normal Pension Age. Importantly, pension benefits built up before 1 April 2015 will be fully protected.

In addition, the Proposed Final Agreement includes a Government commitment that those within 10 years of normal Pension Age on 1 April 2012 will see no change to the age at which they can retire, and no decrease in the amount of pension they receive when they retire. There will also be further transitional protection, tapered over a three and a half year period, for people who would fall up to three and a half years outside of the 10 year protection.

Regulations giving effect to a reformed Teachers' Pension Scheme came into force on 1 April 2014 and the reformed scheme commenced on 1 April 2015.

The pension costs paid to TPS in the year amounted to £585,214 (2016: £646,177).

FRS 102 (28)

Under the definitions set out in FRS 102 (28.11), the TPS is a multi-employer pension plan. The College is unable to identify its share of the underlying assets and liabilities of the scheme.

Accordingly, the College has taken advantage of the exemption in FRS 102 and has accounted for its contributions to the scheme as if it were a defined-contribution plan. The College has set out above the information available on the plan and the implications for the College in terms of the anticipated contribution rates.

LOCAL GOVERNMENT PENSION SCHEME (LGPS)

The LGPS is a funded defined benefit plan, with the assets held in separate funds administered by Cheshire West and Cheshire Council. The total contributions made for the year ended 31 July 2017 were £1,198k of which employers contributions totalled £987k and employee's contributions totalled £211k. The agreed contribution rates for future years are 21.3% for employers and range from 5.5% and 12.5% for employees, depending on salary.

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21 PENSIONS AND SIMILAR OBLIGATIONS (continued)

Principal Actuarial Assumptions

The following information is based upon a full actuarial valuation of the fund at 31 March 2016 updated to 31 July 2017 by a qualified independent actuary.

Principal Actuarial Assumptions	At 31 July 2017	At 31 July 2016
Rate of increase in salaries	2.8%	2.9%
Rate of increase for pensions in payment / inflation	2.5%	1.9%
Discount rate for scheme liabilities	2.7%	2.4%
Inflation Assumption (CPI)	2.5%	1.9%
Commutation of pensions to lump sums – Pre April 2008 scheme	50%	50%
Commutation of pensions to lump sums – Post April 2008 scheme	75%	75%

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

	At 31 July 2017	At 31 July 2016
<i>Retiring today/current pensioners</i>		
Males	22.3	22.3
Females	24.5	24.4
<i>Retiring in 20 years/future pensioners</i>		
Males	23.9	24.1
Females	26.5	26.7

Sensitivity analysis

The sensitivities regarding the principal assumptions used to measure scheme liabilities are set out below:

	At 31 July 2017	At 31 July 2016
	£000	£000
Discount rate -0.5%	3,795	4,080
Salary increase rate +0.5%	666	1,235
Pension increase +0.1%	3,068	n/a
Pension increase +0.5%	n/a	2,760

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21 PENSIONS AND SIMILAR OBLIGATIONS (continued)

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

	Fair Value at 31 July 2017	Fair Value at 31 July 2016
	£'000	£'000
Equity instruments	10,509	12,910
Debt instruments	10,771	8,450
Property	1,576	1,643
Cash	3,415	469
Total fair value of plan assets	26,271	23,472

The amount included in the balance sheet in respect of the defined benefit pension plan is as follows:

	2017 £'000	2016 £'000
Fair value of plan assets	26,271	23,472
Present value of plan liabilities	(34,674)	(33,671)
Net pensions (liability)	(8,403)	(10,199)

Amounts recognised in the Statement of Comprehensive Income in respect of the plan are as follows:

	2017 £'000	2016 £'000
Amounts included in staff costs		
Current service cost	1,074	858
Past service cost	-	24
Total	1,074	882
Amounts included in interest and other finance costs		
Net interest expense	245	287
	245	287
Amounts recognised in Other Comprehensive Income		
Return on pension plan assets	1,663	1,406
Experience losses arising on defined benefit obligations	1,627	384
Changes in assumptions underlying the present value of plan liabilities	(1,209)	(3,771)
Total	2,081	(1,981)

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21 PENSIONS AND SIMILAR OBLIGATIONS (continued)

Movement in net defined benefit (liability) during the year

Net defined benefit (liability) in scheme at 1 August	(10,199)	(8,012)
Movement in year:		
Current service cost	(1,074)	(858)
Employer contributions	1,034	963
Past service cost	-	(24)
Net interest on the defined (liability)	(245)	(287)
Actuarial gain/(loss)	2,081	(1,981)
Net defined benefit (liability) at 31 July	(8,403)	(10,199)

Changes in the present value of defined benefit obligations

	2017	2016
	£'000	£'000
Defined benefit obligations at start of period	33,671	28,760
Current Service cost	1,074	858
Interest cost	815	1,044
Contributions By Scheme participants	211	203
Experience gains and losses on defined benefit obligations	(1,627)	(384)
Changes in financial assumptions	1,209	3,771
Estimated Benefits paid	(679)	(605)
Past Service cost	-	24
Curtailments and settlements	-	-
Defined benefit obligations at end of period	34,674	33,671

Changes in the fair value of plan assets

Fair value of plan assets at start of period	23,472	20,748
Interest on plan assets	570	757
Return on plan assets	1,663	1,406
Employer contributions	1,034	963
Contributions By Scheme participants	211	203
Estimated Benefits paid	(679)	(605)
Fair value of plan assets at end of period	26,271	23,472

22 EVENTS AFTER THE REPORTING PERIOD

Mid Cheshire College ceased to trade on 31 July 2017 and on 1 August 2017 transferred its trade and assets to Warrington Collegiate (which was subsequently renamed to Warrington & Vale Royal College).

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In addition to facilitate the merger the College agreed a new finance facility with its bankers resulting in the refinance of a loan facility. Further details are included in note 18.

23 CAPITAL AND OTHER COMMITMENTS

	2017	2016
	£'000	£'000
Commitments contracted for at 31 July	-	-
Commitments under finance leases entered into but not yet provided for in the financial statements	-	-

24 LEASE OBLIGATIONS

At 31 July the College had minimum lease payments under non-cancellable operating leases as follows:

	2017	2016
	£'000	£'000
Land and Buildings		
Not later than one year	-	-
Later than one year and not later than five years	-	-
Later than five years	-	-
	<hr/>	<hr/>
	-	-
Other		
Not later than one year	26	26
Later than one year and not later than five years	26	26
Later than five years	-	-
	<hr/>	<hr/>
	52	52
	<hr/>	<hr/>

25 CONTINGENT LIABILITY

The College has been in receipt of significant income from Erasmus and the European Regional Development fund (ERDF) in recent years, including £367k in the year ended 31 July 2016, and further receipts of £425k in 2004-2005, £253k in 2005-2006, £10k in 2011-2012 and £8k in 2012-2013. The College takes all reasonable steps to ensure it complies with the terms attaching to the receipt of all ESF income. However, the College recognises that this is a complex area and there is a risk that some funding could become repayable as a result of a possible inspection by the funding provider of the ESF Verification and Audit Section. It is not possible to estimate the value or timing of such repayments although a provision for £128k has been made in these financial statements for Erasmus payments relating to 2014-2016.

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26 RELATED PARTY TRANSACTIONS

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

The total expenses paid to or on behalf of the Governors during the year was £nil, (2016: £nil). This represents travel and subsistence expenses and other out of pocket expenses incurred in attending Governor meetings.

No Governor has received any remuneration or waived payments from the College or its subsidiaries during the year. (2016: None)

Transactions with the ESFA and HEFCE are detailed in notes 3, 15 and 16.

During the year Warrington & Vale Royal College purchased goods and services on behalf of and provided services to Warrington Collegiate Education Trust ('WCET') with a total value of £112,827 (2016: £73,119). The balance outstanding at 31st July 2017 was £20,627 (2016: £16,613) which is included in trade receivables.

Goods and services were purchased on behalf of Beamont Collegiate Academy to the value of £29,815 (2016: £14,511). The balance outstanding at 31 July 2017 was £2,918 (2016: £2,343).

Goods were purchased on behalf of Future Tech Studio to the value of £118,622 (2016: £138,576). The balance outstanding at 31 July 2017 was £819 (2016: £38,961). Future Tech Studio purchased items on behalf of the College for £nil (2016: £2,172). The balance which was still outstanding at 31 July 2017 was £nil (2016: £1,776).

In 2015/16 Beamont Collegiate Academy provided rental of sports facilities to Warrington & Vale Royal College under a lease agreement where costs are shared. The total amount invoiced for this service during the year was £nil (2016: £13,572) and £nil was outstanding at 31 July 2017 (2016: £9,048).

Warrington & Vale Royal College is the sponsor of Warrington Collegiate Education Trust. Beamont Collegiate Academy was a member school of Warrington Collegiate Education Trust up to 30 June 2017 and Future Tech Studio was a member school of Warrington Collegiate Education Trust for the year.

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27 AMOUNTS DISPERSED AS AGENTS

LEARNER SUPPORT FUNDS

	2017 £'000	2016 £'000
Funding body grants – hardship support	177	444
Funding body grants – childcare support	154	176
Funding body grants – residential bursaries	-	-
Other Funding bodies grants	38	44
Interest earned	-	-
	<u>369</u>	<u>664</u>
Disbursed to students	(227)	(626)
Administration costs	(31)	(26)
	<u>111</u>	<u>12</u>
Balance unspent as at 31 July, included in creditors		

Funding body grants are available solely for students. In the majority of instances, the College only acts as a paying agent. In these circumstances, the grants and related disbursements are therefore excluded from the Income and Expenditure Account.

WARRINGTON & VALE ROYAL COLLEGE

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REPORTING ACCOUNTANT'S ASSURANCE REPORT ON REGULARITY

TO THE CORPORATION OF WARRINGTON & VALE ROYAL COLLEGE ('THE CORPORATION') AND THE SECRETARY OF STATE FOR EDUCATION ACTING THROUGH THE DEPARTMENT FOR EDUCATION ('THE DEPARTMENT')

In accordance with the terms of our engagement letter dated 13 December 2017 and further to the requirements of the financial memorandum with Skills Funding Agency we have carried out an engagement to obtain limited assurance about whether anything has come to our attention that would suggest that, in all material respects, the expenditure disbursed and income received by Warrington & Vale Royal College during the period 1 August 2016 to 31 July 2017 have not been applied to the purposes identified by Parliament and the financial transactions do not conform to the authorities which govern them.

The framework that has been applied is set out in the Post-16 Audit Code of Practice ('the Code') issued by the Department. In line with this framework, our work has specifically not considered income received from the main funding grants generated through the Individualised Learner Record (ILR) returns, for which the Department has other assurance arrangements in place.

This report is made solely to the corporation of Warrington & Vale Royal College, as a body, and the Department, as a body, in accordance with the terms of our engagement letter. Our work has been undertaken so that we might state to the corporation of Warrington & Vale Royal College and the Department those matters we are required to state in a limited assurance report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the corporation of Warrington & Vale Royal College as a body, and the Department, as a body, for our work, for this report, or for the conclusion we have formed.

Respective responsibilities of Warrington & Vale Royal College and the reporting accountant

The corporation of Warrington & Vale Royal College is responsible, under the requirements of the Further and Higher Education Act 1992, subsequent legislation and related regulations and guidance, for ensuring that expenditure disbursed and income received is applied for the purposes intended by Parliament and the financial transactions conform to the authorities which govern them.

Our responsibilities for this engagement are established in the United Kingdom by our profession's ethical guidance and are to obtain limited assurance and report in accordance with our engagement letter and the requirements of the Code. We report to you whether anything has come to our attention in carrying out our work which suggests that, in all material respects, expenditure disbursed and income received during the period 1 August 2016 to 31 July 2017 have not been applied to purposes intended by Parliament or that the financial transactions do not conform to the authorities which govern them.

Approach

We conducted our engagement in accordance with the Code issued by the Department. We performed a limited assurance engagement as defined in that framework.

The objective of a limited assurance engagement is to perform such procedures as to obtain information and explanations in order to provide us with sufficient appropriate evidence to express a negative conclusion on regularity.

A limited assurance engagement is more limited in scope than a reasonable assurance engagement and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in a reasonable assurance engagement. Accordingly, we do not express a positive opinion.

Our engagement includes examination, on a test basis, of evidence relevant to the regularity of the college's income and expenditure.

The work undertaken to draw our conclusion includes:

- an assessment of the risk of material irregularity and impropriety across the college's activities;
- evaluation of the processes and controls established and maintained in respect of regularity and propriety for the use of public funds through observation of the arrangements in place and enquiries of management;
- consideration and corroboration of the evidence supporting the Accounting Officer's statement on regularity, propriety and compliance and that included in the self-assessment questionnaire (SAQ); and
- limited testing, on a sample basis, of income and expenditure for the areas identified as high risk and included on the SAQ.

Conclusion

In the course of our work, nothing has come to our attention which suggests that, in all material respects, the expenditure disbursed and income received during the period 1 August 2016 to 31 July 2017 has not been applied to purposes intended by Parliament and the financial transactions do not conform to the authorities which govern them.

Grant Thornton UK LLP

Grant Thornton UK LLP
Chartered Accountants
Manchester

16 January 2018

