

WARRINGTON COLLEGIATE

**Financial Statements
For the Year Ended 31 July 2012**

WARRINGTON COLLEGIATE

PROFESSIONAL ADVISORS FOR THE PERIOD FROM 1 AUGUST 2011 TO 31 JULY 2012

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WARRINGTON COLLEGIATE

OPERATING AND FINANCIAL REVIEW FOR THE PERIOD FROM 1 AUGUST 2011 TO 31 JULY 2012

NATURE, OBJECTIVES AND STRATEGIES:

The Members present their report and the audited financial statements for the year ended 31 July 2012.

Legal status

The corporation was established under The Further and Higher Education Act 1992 for the purpose of conducting Warrington Collegiate. The College is an exempt charity for the purposes of the Charities Act 1993 as amended by the Charities Act 2011.

Mission

The College mission as stated in the Strategic Statement 2012-13 is:

"We will realise the potential that excellent education and training has to transform lives for the better".

The mission reflects the focus the College wishes to place on the transforming nature of our core work.

Implementation of Strategic Plan

The College has developed a Strategic Statement for 2012-13. It is organised into seven sections as follows:

Section 1 – describes the context of Warrington and the surrounding area which the College serves

Section 2 – describes the Mission, Vision, Values and Strategic Aims of the College which serve as a framework for all College behaviours, plans and developments.

Section 3 – describes the range of performance measures the College uses to promote ambition and drive up performance. These measures are monitored monthly and reported termly to the Full Corporation.

Section 4 – describes the financial resources the College has and how it will deploy these resources to achieve its goals and targets. The College's financial performance is monitored monthly.

Section 5 – describes the major risks facing the College and what action the College intends to take to mitigate these risks. The risk management plan is monitored termly by the College's Audit Committee.

Section 6 – describes the development actions the College will implement to deliver the Strategic Aims. This section arises from the College's annual self assessment report produced every Autumn Term, the 4 Strategic Reviews conducted annually by Governors and senior managers each year and the goal setting with individual senior managers through the performance appraisal system. The Development Plan is monitored at every Strategic Review (4 times per year).

Section 7 – is a summary of the College's annual self assessment report (SAR).

The Corporation Board monitors the performance of the College against the range of objectives and key performance indicators included in the Statement and plans are renewed and updated each year.

The College's strategic aims remain as:

- Becoming an Outstanding Vocational College
- Growing significantly in size and reputation
- Helping transform Warrington into a more equal community

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The College's objectives for 2012/13 are embedded within the College Development Plan and are listed under the strategic aims as shown below:

Strategic Aim 1: To become an outstanding vocational College

- 1 Develop & implement a strategy for College "inspection readiness" which ensures a minimum grade of Good in future Ofsted inspections.
- 2 Develop & implement a strategy to ensure all curriculum provision in 2012/2013 SAR is graded as Good as a minimum.
- 3 Ensure Apprenticeship provision in 2012/2013 SAR is graded as Good as a minimum.
- 4 Develop & implement a strategy ensuring College secures a minimum grade of Good for Teaching, Learning & Assessment in future Ofsted inspections.
- 5 Develop & implement a strategy to deliver a high quality & comprehensive enrichment programme which embeds the Warrington Collegiate Graduate.
- 6 Develop and implement a strategy to deliver high quality English, Maths & Functional Skills across College.
- 7 Strengthen the student performance management system to improve retention with particular focus on improving value added, making progress reviews more effective & increasing the take up of learning support.
- 8 Strengthen the operation of course teams to improve success rates.
- 9 Ensure the College has an effective system to support students making progress to Higher Education (HE) or to appropriate & relevant employment.

Strategic Aim 2: To grow in size and reputation

- 10 Grow the College's Apprenticeship provision including seizing opportunities presented by minimum contract levels.
- 11 Grow the College's HE provision.
- 12 Grow the College's leadership & management development provision.
- 13 Grow income derived from both the Work Programme & Projects with particular focus on supporting curriculum team initiatives.
- 14 Develop and implement a strategy to optimise international opportunities.
- 15 Establish academy sponsorship of William Beamont & progress studio school application.
- 16 Ensure strategies to grow key College curriculum specialisms (Logistics & Passenger Transport, Science, Engineering & Construction, Sport, Hospitality, Hospitality & Enterprise) are developed & implemented.
- 17 Develop and promote a shared services offer relevant to the academy trust & Consortium colleges.
- 18 Develop and implement a refreshed employer engagement strategy enhancing services and communications systems.
- 19 Manage sub-contracting partnerships with private training providers to manage growth appropriately & to ensure high success rates.
- 20 Achieve a level of surplus of between 3-5% annually.
- 21 Increase curriculum productivity to £85k and average class sizes to 11.
- 22 Develop & implement a new accommodation strategy to realise the potential of the enlarged Orford Park campus.

Strategic Aim 3: Help transform Warrington into a more equal community

- 23 Use resources and expertise in support of Warrington's "Closing the Gap" agenda and in developing a "Community College".
- 24 Ensure College identifies & monitors the performance of all relevant groups of students who might face potential disadvantage to ensure disadvantage is not a barrier to high student success rates.

The strategic aims and objectives are monitored through a related set of sixteen key performance indicators.

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Financial objectives

In addition the College has a range of financial objectives including:

- Protect itself from unforeseen adverse changes in enrolments and to generate sufficient income to enable maintenance and improvement of its accommodation and equipment
- To maintain the confidence of funders, suppliers, bankers and auditors
- To raise awareness of college staff of the financial environment under which it operates
- To achieve a financial surplus of up to 5% of income, in order to ensure capital investment in the following year.

FINANCIAL POSITION

Financial results

The College generated an operating deficit of £910,392 on continuing activities, including exceptional redundancy costs of £167,000 and legal costs associated with an ongoing dispute with Carillion of £437,905.

The College at 31 July 2012 had accumulated reserves of £165,000 (after deducting a pension liability of £8.5 million) and cash balances of £1.4 million including endowments. The College wishes to accumulate reserves and cash balances in order to further strengthen its financial position.

The College has significant reliance on the education sector funding bodies for its principal funding source, largely from recurrent grants. In 2011/12 provided 83.2% of the College's total income.

The College has two subsidiaries companies, Company Plus Limited and Warrington Business School Limited which were dormant throughout the year. Any balances generated have been transferred to the College under gift aid.

Looking forward, the underlying operating position of the College remains strong in the 2012/13 financial year. The growth in Apprenticeship numbers seen in 2011/12 has continued, and has led to an increase in the funding contract with the Skills Funding Agency of £1.1m for the year. This places the College in a strong position, and is currently on target to achieve an operating surplus for the 2012/13 financial year (before costs associated with the ongoing dispute with Carillion plc) and anticipate achieving a Financial Health status of 'Satisfactory' as measured under the Skills Funding Agency's Framework for Excellence scoring model (in which the costs associated with the Carillion dispute have been treated as exceptional costs).

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 Principal. Such arrangements are restricted by limits in the Colleges Financial Memorandum previously agreed with the LSC and subsequently transferred to the Skills Funding Agency. All other borrowing requires the authorisation of the Corporation and shall comply with the requirements of the Financial Memorandum.

Cash flows

At £273,000 (2010/11 £2,076,000), operating cash inflow was low. This has reduced due to the costs incurred in legal fees for the Carillion case which remains unresolved at the year end.

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Liquidity

During the year the College has not entered into any new borrowing arrangements. 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.

Financial Reporting Standard 17 – Retirement Benefits ('FRS 17')

The college has fully implemented the provisions of FRS17, although the corporation remains concerned about the long term impact of pension funding on the future finances of the college.

The corporation believes that the principle upon which FRS 17 is based is fundamentally flawed and is not (nor is ever likely to be) capable of providing an accurate or equitable method to enable determination of the value of a pension scheme. The corporation also remains very unhappy with the current legal arrangements for the management of college pension schemes imposed, apparently unilaterally and without recourse to sensible debate, by Statute.

With specific reference to Cheshire Pension Fund, the corporation has limited control over the management of the fund, its financial arrangements and investment profile. In the corporation's opinion this needs to be recognised and acknowledged by the Trustees of the fund and resolved by the appointment of at least one of the Cheshire FE Colleges' corporation members to the Board of Trustees.

The basis of valuation used by FRS 17 relies on an actuarial assessment which is analytically unverifiable and is based on assumptions which in the medium to long term may prove to be unreliable.

CURRENT AND FUTURE DEVELOPMENT AND PERFORMANCE

Student numbers

In 2011/12 the College has delivered activity that has produced £13,746,000 in funding body main allocation funding (2010/11 - £15,225,000). The College had approximately 9,356 funded students, of which 2,760 are subcontracted, and approximately 2,650 non funded students.

Student achievements

In 2011/12 the overall Learner Responsive success rate was 84%, an increase of 4%. Employer Responsive Success rates were 51% for the overall completion of Apprenticeship programmes and 89% for the overall completion of programmes completed in the workplace. This was a reduction in success rates for apprenticeships of 17%.

Curriculum developments

Curriculum planning is informed by and informs the strategic and business planning processes. It takes into account external policy and demand analyses and internal factors of capacity and quality

The curriculum offer is reviewed on an annual basis in the autumn of each year, with operational planning commencing in December.

Many of our students have low levels of prior educational achievement. The College has responded to this by growing in 2011-12 the range of courses aimed at students who are returning to education. These included:

- A transition programme for students with learning difficulties
- The Skills, Training and Employment Programme (STEP) specifically for NEET learners
- An enhanced Foundation level programme – Skill building
- A comprehensive Skills for Life offer

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- Bespoke provision for adults through The Work Programme
- Access to Higher Education including a Progress to Access programme

All programmes have been designed to enhance the progression of learners within FE, onto HE and into the labour market.

In 2011-12 a range of subcontracting partnerships were developed to extend the curriculum offer.

Within the Development Plan for 2012-13 two key objectives have been identified

- Develop and implement a strategy to deliver high quality English, Maths & Functional Skills across College
- Ensure strategies to grow key College curriculum specialisms (Logistics & Passenger Transport, Science, Engineering & Construction, Sport, Hospitality & Enterprise) are developed & implemented.

Post-balance sheet events

There have been no significant post balance sheet events.

Future Developments

The College would like to reduce dependency on the Skills Funding Agency and is seeking opportunities to diversify income. The efficiency of the College facilities continues to be monitored closely, together with the development of facilities in order to ensure appropriate teaching facilities and responding to learner feedback. In 2012-13 the College is working in partnership with the Local authority to use the facilities in the recently completed Orford Park sports complex

Staff and student involvement

The College Marketing and Communication strategy highlights the means of communication 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 Council, 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 £1.4 million (including endowments) held in cash at the year end date.

Financial

The College has £10.8 million of net assets (including £8.5 million pension liability) and long term debt of £4.4 million.

People

The College employs 329 people (expressed as full time equivalents), of whom 240 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 has undertaken further work during the year to develop and embed the system of internal control, including financial, operational and risk management which is designed to protect the College's assets and reputation.

The Senior Management Team has undertaken a comprehensive review of the risks to which the College is exposed. They identify systems and procedures, including specific preventable actions which should mitigate any potential impact on the College. The internal controls are then implemented and the subsequent year's appraisal will review their effectiveness and progress against risk mitigation actions. In addition to the annual review, the Risk Management Group will also consider any risks which may arise as a result of a new area of work being undertaken by the College.

A risk register is maintained at the College level which is reviewed termly by the Audit Committee and more frequently where necessary. The risk register identifies the key risks, the likelihood of those risks occurring, their potential impact on the College and the actions being taken to reduce and mitigate the risks. Risks are prioritised using a consistent scoring system.

Outlined below is a list of the principal financial risk factors identified in the Strategic Statement

1. Failure to meet funding agreements with external bodies
2. Recession having a negative impact on student recruitment & income
3. Overall reduction in funding following Spending Review

1. Government Funding

The College has considerable reliance on continued government funding through the SFA/EFA and HEFCE. In 2011/12, 83.2% of the College's revenue was from such funding contracts. Given cuts to public funding the Collegiate has identified the need to diversify income sources in the future and this is explicit in the Strategic Statement

2. Tuition fee policy

Ministers have confirmed that the fee assumption remains at 50% in 2011/12. In line with the majority of other colleges, Warrington Collegiate 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

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 17.

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STAKEHOLDER RELATIONSHIPS

Warrington Collegiate has a wide range of stakeholders who include Students; Education Sector Funding Bodies, Staff; local employers (with specific links), Local Authorities, Government Offices/Regional Development Agencies, Sector Skills Councils, 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. In 2008/09 the Deputy Principal assumed the overall responsibility for Strategic relationships. A particular focus is to ensure that strategic partnerships bring tangible benefits to learners and the organisation as a whole. The College works closely with strategic partners to address the key priorities for Warrington contained within the Warrington Sustainable Community Strategy.

Equal opportunities and employment of disabled persons

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

The Single Equality Scheme 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 scheme and the College work 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 Equal Opportunities Policy, Single Equality Scheme and action plan are all 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.

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 Disability Discrimination Act 1995 as amended by the Special Education needs and Disability Acts 2001 and 2005.

- The College complete rebuild, completed in 2007, was designed under Part M of Building Regulations to ensure full access and meet DDA requirements. A full access audit has been undertaken by external experts based in Warrington Disability Partnership.
- Learning support needs are addressed particularly through the Learner Facilitator Team:

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- 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 BSL interpreters assist learners with learning impairments. Assistive technology is available in the LRC 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 support is led through the Learner and Learning Services Department which maintains an overarching service level agreement to all learners.


- 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 and Learning 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 coach system.

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

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 21 March 2013 and signed on its behalf by:



Mr C Daniels
Chair
21 March 2013

WARRINGTON COLLEGIATE

PROFESSIONAL ADVISORS FOR THE PERIOD FROM 1 AUGUST 2011 TO 31 JULY 2012

PROFESSIONAL ADVISERS

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Solicitors

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WARRINGTON COLLEGIATE

STATEMENT OF CORPORATE GOVERNANCE AND INTERNAL CONTROL

STATEMENT OF CORPORATE GOVERNANCE AND INTERNAL CONTROL

The College is committed to exhibiting best practice in all aspects of Corporate Governance. This summary describes the manner in which the College has applied the principles set out in the UK Corporate Governance Code ("the Code") issued by the FRC in June 2010. Its purpose is to help the reader of the accounts understand how the principles have been applied.

In the opinion of the Governors, the College complies with all the provisions of the Code in so far as they apply to the Further Education sector and it has complied throughout the year ended 31 July 2012. 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 December 2011, which it formally adopted in July 2012.

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
Mr C Daniels	27 Sept 1989 23 June 1993 19 Mar 1997 4 Apr 2001 6 Apr 2005 5 April 2009	4 years		External Member	Chairman of the Corporation Chairman: Capital Projects Chairman: Senior Staff Salaries Finance, HR and Estates Search and Governance
Mr R Andrew	5 Dec 2007 5 Dec 2011	4 years		External Member	Chairman: Standards and Curriculum Finance, HR and Estates
Mr D Ashton	5 Dec 2007 2 Dec 2009 7 Dec 2011	2 years 4 years		Student Member External Member	Standards and Curriculum Search and Governance Standards and Curriculum Search and Governance
Mr D Bailey	4 July 2012	4 years		External Member	Audit Committee
Mr K Bland	9 Dec 1993 18 Mar 1998 20 Mar 2002 20 Mar 2006 20 Mar 2010	4 years		External Member	Chairman: Search and Governance Audit Committee Capital Projects Senior Staff Salaries
Ms S Brooks	7 Jul 2010	4 years	1 Sept 2012	External Member	Search and Governance
Mr P Cudlip	7 Dec 2011	4 years		External Member	Chairman: Audit Committee
Mr D Fagan	2 July 2008	4 years	1 July 2012	External Member	Audit Committee
Mr P Hafren	1 Sept 2002			Principal/Chief Executive	Capital Projects Finance, HR and Estates Search and Governance Standards and Curriculum
Professor P L Harrop	10 Mar 2010	4 years		External Member	Standards and Curriculum

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Name	Date of Appointment	Term of Office	Date of Resignation	Status of Appointment	Committees Served
Mrs L Johnson	8 Dec 1999 8 Dec 2003 8 Dec 2007	4 years	7 Dec 2011	External Member	Finance, HR and Estates Standards and Curriculum
Councillor J Joyce	6 Dec 2006 6 Dec 2010	4 years		External Member	Vice Chairman: Finance, HR and Estates
Ms N Kinder	13 Jul 2005 13 Jul 2009	4 years	10 Nov 2011	External Member	Audit Committee
Ms A Lancaster	15 Mar 2012	2 years		Student Member	Standards and Curriculum
Mr M Lenaghan	3 Dec 2008	4 years		Staff Member (Business Support)	Standards and Curriculum Search and Governance
Mrs C Long	11 Mar 2009	4 years	12 Oct 2011	External Member	Audit Committee
Mr E McCrudden	6 Dec 2004 6 Dec 2008	4 years		External Member	Vice Chairman of the Corporation Chairman: Finance, HR and Estates Senior Staff Salaries
Ms K O'Dwyer	15 Mar 2012	4 years		External Member	Standards and Curriculum
Ms J O'Mahoney	15 Mar 2012	4 years		External Member	Audit Committee
Mr J Rigby	2 Dec 2009	4 years		External Member	Standards and Curriculum
Mrs R Robins	2 Dec 2009	4 years	7 Dec 2011	External Member	Standards and Curriculum
Mr B Short	6 Jul 2011	4 years		Staff Member (Teaching)	Standards and Curriculum
Mr A Smallman	15 Jul 2009	4 years	10 Nov 2011	External Member	Chairman: Audit Committee
Ms J Stanton	15 Mar 2012	4 years		External Member	Audit Committee
Mrs M Williams	24 Mar 2004 24 Mar 2008 24 Mar 2012	4 years		External Member	Standards and Curriculum
Mr F Hardman	4 Feb 2002			Clerk to the Corporation	

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, Capital Projects, Finance, HR and Estates, Senior Staff Salaries, Search and Governance and Standards and Curriculum. Full minutes of all meetings, except those deemed to be confidential, are available from the Clerk to the Corporation at:

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Warrington Collegiate
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 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.

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 five 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 2012, the College's Senior Staff Salaries Committee comprised four 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.

Details of remuneration for the year ended 31 July 2012 are set out in note 7 to the financial statements.

AUDIT COMMITTEE

The Audit Committee comprises five Members of the Corporation (excluding the Principal and Chair). The Committee operates in accordance with written terms of reference approved by the Corporation.

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.

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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.

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 he is personally responsible in accordance with the responsibilities assigned to him in the Financial Memorandum between Warrington Collegiate and the Learning and Skills Council (SFA) and its successor organisations. He 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 Collegiate for the year ended 31 July 2012 and up to the date of approval of the annual report and accounts.

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 2011 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

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STATEMENT OF CORPORATE GOVERNANCE AND INTERNAL CONTROL

Warrington Collegiate has an internal audit service which operates in accordance with the requirements of the SFA's 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. His 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 his review of the effectiveness of the system of internal control by the Audit Committee which oversees the work of the internal auditor, and a plan to address weaknesses and ensure continuous improvement of the system is in place.

The senior management team receives reports setting out key performance and risk indicators and considers possible control issues brought to their attention by early warning mechanisms, which are embedded within the departments and reinforced by risk awareness training. The 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 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 2012 meeting, the Corporation carried out the annual assessment for the year ended 31 July 2012 by considering documentation from the senior management team and internal audit, and taking account of events since 31 July 2012.

GOING CONCERN

After making appropriate enquiries, the Corporation considers that the College has adequate resources to continue in operational existence for the foreseeable future. For this reason they continue to adopt the going concern basis in preparing the financial statements. In reaching this conclusion the College has had particular regard to performance since 31 July 2012, ongoing availability of debt facilities and the expected outcome of an ongoing dispute with Carillion plc. Further details of the context of this assessment is given in notes 1 and 36 to the financial statements.

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



Signed

Date: 21 March 2013
Colin Daniels, Chair



Signed

Date: 21 March 2013
Paul Hafren, Principal

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 Financial Memorandum agreed between the Skills Funding Agency and the Corporation of the College, the Corporation, through the Principal, is required to prepare financial statements for each financial year in accordance with the 2007 Statement of Recommended Practice – Accounting for Further and Higher Education and with the Accounts Direction issued jointly by the Skills Funding Agency and the Young Peoples' Learning Agency 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 an Operating and Financial Review, which describes what it is trying to do and how it is going about it, including the legal and administrative status of the College.

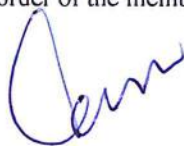
The Corporation is responsible for keeping proper accounting records, which disclose with reasonable accuracy, at any time, the financial position of the College and to enable it to ensure that the financial statements are prepared in accordance with the relevant legislation of incorporation and other 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 EFA and the Skills Funding Agency are used only in accordance with the Financial Memorandum with the Skills Funding Agency 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 Skills Funding Agency/ EFA are not put at risk.

Approved by order of the members and signed on behalf of the Corporation by:

Signed



Colin Daniels, Chair
21 March 2013

Date

WARRINGTON COLLEGIATE

INDEPENDENT AUDITORS REPORT TO THE CORPORATION OF WARRINGTON COLLEGIATE

Independent Auditors' Report to the Corporation of Warrington Collegiate

We have audited the financial statements ("the financial statements") of Warrington Collegiate for the year ended 31 July 2012 which comprise of the income and expenditure account, the balance sheet, the cash flow statement, the statement of total recognised gains and losses, the statement of historical cost surpluses and deficits and the related notes. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice) and the 2007 Statement of Recommended Practice: Accounting for Further and Higher Education.

This report is made solely to the 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 Corporation, as a body, those matters we are required to state to them 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 Corporation, as a body, for our audit work, for this report, or for the opinions we have formed.

Respective Responsibilities of the members of the Corporation, Warrington Collegiate and auditor

As described in the Statement Responsibilities of the members of the Corporation set out on page 16, the college's Corporation is responsible for the preparation of financial statements which give a true and fair view.

Our responsibility is to audit, and express an opinion on, the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's (APB's) Ethical Standards for Auditors.

Scope of the audit of the financial statements

A description of the scope of an audit of financial statements is provided on the APP's website at www.frc.org.uk/apb/scope/private.cfm.

Opinion on financial statements

In our opinion the financial statements:

- give a true and fair view, in accordance with UK Generally Accepted Accounting Practice, of the state of the College's affairs as at 31 July 2012 and of the College's deficit of income against expenditure for the year then ended;
- have been properly prepared in accordance with the 2007 Statement of Recommended Practice – Accounting for Further and Higher Education Institutions

WARRINGTON COLLEGIATE

INDEPENDENT AUDITORS REPORT TO THE CORPORATION OF WARRINGTON COLLEGIATE

Opinion on other matters prescribed by the revised Joint Audit Code of Practice (Part 1) issued jointly by the Skills Funding Agency and the EFA and the Audit Code of Practice issued by the Learning and Skills Council¹

In our opinion:

- proper accounting records have been kept, and
- the financial statements are in agreement with the accounting records.



Grant Thornton UK LLP
Statutory Auditor, Chartered Accountants
Manchester

26 March 2013

WARRINGTON COLLEGIATE

INCOME AND EXPENDITURE ACCOUNT

For the year ended 31 July 2012

	Notes	2012 £'000	2011 £'000
INCOME			
Funding Body Grants	2	14,587	15,891
Tuition fees and education contracts	3	1,218	1,728
Other income	4	882	1,107
Endowment and Investment income	5	836	753
		<hr/>	<hr/>
TOTAL INCOME		17,523	19,479
		<hr/>	<hr/>
EXPENDITURE			
Staff costs	6	11,083	11,939
Exceptional restructuring costs	6	167	383
Other operating expenses	8	4,426	4,703
Exceptional legal costs	8	438	-
Depreciation	12	1,090	1,202
Interest and other finance costs	9	1,229	1,295
		<hr/>	<hr/>
TOTAL EXPENDITURE		18,433	19,522
		<hr/>	<hr/>
(Deficit) / Surplus on continuing operations after depreciation of tangible fixed assets at valuation and before exceptional items and tax		(910)	(43)
Profit/ (Loss) on disposal of assets	12	-	-
		<hr/>	<hr/>
(Deficit) / Surplus on continuing operations after depreciation of assets at valuation and exceptional items but before tax		(910)	(43)
Taxation	10	-	47
		<hr/>	<hr/>
(Deficit) / Surplus for the year retained within general reserves	11	(910)	4
		<hr/>	<hr/>

The income and expenditure account is in respect of continuing operations

WARRINGTON COLLEGIATE

STATEMENT OF HISTORICAL COST SURPLUSES AND DEFICITS

For the year ended 31 July 2012

	Notes	2012 £'000	2011 £'000
(Deficit) / Surplus on continuing operations before taxation		(910)	(43)
Difference between historical cost depreciation and the actual charge for the year calculated on the revalued amount	22	-	-
 HISTORICAL COST (DEFICIT) / SURPLUS FOR THE YEAR BEFORE TAXATION		<hr/> (910) <hr/>	<hr/> (43) <hr/>
 HISTORICAL COST (DEFICIT) / SURPLUS FOR THE YEAR AFTER TAXATION		<hr/> (910) <hr/>	<hr/> 4 <hr/>

WARRINGTON COLLEGIATE

STATEMENT OF THE TOTAL RECOGNISED GAINS AND LOSSES

For the year ended 31 July 2012

	Notes	2012 £'000	2011 £'000
(Deficit) / Surplus on continuing operations after depreciation of assets at valuation and disposal of assets and tax		(910)	4
Actuarial (loss) / gain in respect of pension scheme	32	(3,209)	2,550
TOTAL RECOGNISED (LOSSES) / GAINS RELATING TO THE YEAR		<u>(4,119)</u>	<u>2,554</u>
		<u><u> </u></u>	<u><u> </u></u>
RECONCILIATION			
Opening reserves and endowments		3,954	1,400
Total recognised (losses) / gains for the year		<u>(4,119)</u>	<u>2,554</u>
CLOSING RESERVES AND ENDOWMENTS		<u>165</u>	<u>3,954</u>

WARRINGTON COLLEGIATE

BALANCE SHEET

As at 31 July 2012

	Notes	2012 £'000	2011 £'000
FIXED ASSETS			
Tangible assets	12	24,846	25,532
Investments	13	100	100
TOTAL FIXED ASSETS		24,946	25,632
Endowment Assets - Permanent	14	41	41
CURRENT ASSETS			
Debtors	15	951	934
Cash at bank and in hand		1,409	2,042
Total Current Assets		2,360	2,976
Less: Creditors - amounts falling due within one year	16	(2,934)	(2,655)
NET CURRENT (LIABILITIES)/ASSETS		(574)	321
TOTAL ASSETS LESS CURRENT LIABILITIES		24,413	25,994
Less: Creditors - amounts falling due after more than one year	17	(4,382)	(4,720)
Less: Provisions for Liabilities	19	(737)	(771)
NET ASSETS EXCLUDING PENSION LIABILITY		19,294	20,503
NET PENSION LIABILITY	32	(8,506)	(5,344)
NET ASSETS INCLUDING PENSION LIABILITY		10,788	15,159

WARRINGTON COLLEGIATE

BALANCE SHEET

As at 31 July 2012

	Notes	2012 £'000	2011 £'000
DEFERRED CAPITAL GRANTS	20	10,912	11,164
ENDOWMENTS			
Permanent endowments	21	41	41
RESERVES			
Revaluation reserve	22	867	867
General reserve excluding pension reserve	23	7,474	8,431
Pension reserve	32	(8,506)	(5,344)
		<hr/>	<hr/>
General reserve including pension reserve	23	(1,032)	3,087
		<hr/>	<hr/>
TOTAL RESERVES		(165)	3,954
		<hr/>	<hr/>
TOTAL FUNDS		10,788	15,159
		<hr/>	<hr/>

The financial statements on pages 18 to 51 were approved and authorised for issue by the Corporation on 21 March 2013 and were signed on its behalf by:-



- Mr. C Daniels
- Chair



- P Hafren
- Principal

WARRINGTON COLLEGIATE

CASH FLOW STATEMENT

For the year ended 31 July 2012

	Notes	2012 £'000	2011 £'000
CASH INFLOW FROM OPERATING ACTIVITIES	24	273	2,076
Returns on investments and servicing of finance	25	(245)	(249)
Taxation	10	-	-
Capital expenditure and financial investment	26	(304)	(472)
Cash inflow before use of liquid resources and financing		(276)	1,355
Management of liquid resources	27	-	-
Financing	28	(357)	(303)
(DECREASE) / INCREASE IN CASH IN THE YEAR	29	(633)	1,052
RECONCILIATION OF NET CASH FLOW TO MOVEMENT IN (DEBT) / NET FUNDS			
(Decrease) / increase in cash in the year	29	(633)	1,052
Cash inflow from new Secured Loan		-	-
Change in net funds resulting from cash flows	29	302	413
Cash inflow from liquid resources	27	-	-
Change in net debt resulting from decrease in lease financing	29	55	(109)
Change in endowments	29	-	-
Movement in net debt in the year		(276)	1,356
Net debt at 1 August		(3,050)	(4,406)
NET DEBT AT 31 JULY 2012	29	(3,326)	(3,050)

WARRINGTON COLLEGIATE

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 July 2012

1 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 2007 (the SORP) and in accordance with applicable Accounting Standards. They conform to guidance published jointly by the Skills Funding Agency and the Young Peoples Learning Agency, in the 2011/12 Accounts Direction Handbook.

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

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

At 31 July 2012 the College currently had a net deficit on reserves of £165,000 and net current liabilities of £574,000. These balances reflected the impact of the reported deficit for the year then ended of £910,000. The deficit included £1,090,000 of depreciation, £167,000 of restructuring costs and £438,000 of legal costs incurred in relation to the on-going dispute with Carillion plc (see note 36). The outturn for the year ending 31 July 2013 is expected to include further costs relating to the Carillion dispute and the overall result is therefore expected to be a small deficit (after approximately £1 million of depreciation). The College's forecasts and financial projections indicate that it will be able to operate within its existing facilities for the foreseeable future.

In forming their opinion with regard to the application of going concern in preparing these financial statements the Corporation has given due regard to the expected outturn for 2012/13, underlying financial performance in 2013/14, the availability of working capital facilities (including cash balances) and the expected outcome of the Carillion dispute (refer to note 36). In the context of the most recent advice from professional advisors and a supportive dialogue with the College's debt providers it is not expected that the outcome of the dispute will impact materially upon the College's ability to continue as a going concern – although there inevitably remains a degree of risk attaching to the dispute's final outcome. Accordingly, the College has a reasonable expectation that it has adequate resources to continue in operational existence for the foreseeable future, and for this reason will continue to adopt the going concern basis in the preparation of its Financial Statements.

BASIS OF CONSOLIDATION

The financial statements present information about the college as an individual undertaking and not about its group, as the college has taken advantage of the exemption provided by section 48 of the SORP. The subsidiaries have been excluded from consolidation on the grounds that they are immaterial. In accordance with FRS2, 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 2012.

WARRINGTON COLLEGIATE

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 July 2012

RECOGNITION OF INCOME

Income from Tuition Fees is recognised in the period for which it is receivable and includes all fees payable by students or their sponsors e.g. Warrington Borough Council.

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. This is generally equivalent to the sum of the relevant expenditure incurred during the year and any related contributions towards overhead costs. All income from short-term deposits is credited to the income and expenditure account in the period in which it is earned. Income from restricted purpose endowment funds not expended in accordance with the restrictions of the endowment in the period is transferred from the income and expenditure account to accumulated income within endowment funds.

The recurrent grant from HEFCE represents the funding allocations attributable to the current financial year and is credited direct to the income and expenditure account. Funding body recurrent grants are recognised in line with best estimates for the period of what is receivable and depend on the particular income stream involved. Any under or over achievement for the Adult Skills 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 at the end of November 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.

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

POST RETIREMENT BENEFITS

Retirement 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 and contracted out of the State Earnings-Related Pension Scheme (SERPS) and the assets are held separately from these of the College.

The TPS is an unfunded scheme and contributions 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 the Government actuaries on the basis of quinquennial valuations using a prospective benefit method. As stated in Note 32, the TPS is a multi employer scheme and the College is unable to identify its share of the underlying assets and liabilities of the scheme on a consistent and reasonable basis. The TPS is therefore treated as a defined contribution scheme and the contributions recognised as they are paid each year.

The LGPS is a funded scheme and the assets are held separately from those of the college in separate trustee administered funds. Pension scheme assets are measured using closing market value and liabilities are measured on an actuarial basis using the projected unit method and discounted at a rate equivalent to the current rate of return on a high quality corporate bond or 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 gains and losses on settlements and curtailments. They are included as part of staff costs. Past service costs are recognised immediately in the income and expenditure account if the benefits have vested. If the benefits have not vested immediately, the costs are recognised over the period until vesting occurs. The expected return on assets and the interest cost are shown as a net finance amount of other finance costs or credits adjacent to interest. Actuarial gains and losses are recognised immediately in the statement of total recognised gains and losses.

WARRINGTON COLLEGIATE

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 July 2012

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 and expenditure account 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.

TANGIBLE FIXED ASSETS

LAND AND BUILDINGS

Freehold buildings are depreciated over their expected useful economic life to the College; this is normally between 20 and 50 years. Freehold land is not depreciated. 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 valuation on the basis of depreciated replacement cost as the open market value for existing use is not readily obtainable. 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 capital grant account and are released to the income and expenditure account over the expected useful economic life of the related asset on a basis consistent with the depreciation policy.

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 15, the College followed the transitional provision to retain the book value of land and buildings, which were revalued in 1996, but not to adopt a policy of revaluations of these properties in the future. These values are retained subject to the requirement to test assets for impairment in accordance with FRS 11.

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 meets one of the following criteria, in which case it is capitalised and depreciated on the relevant basis:

- Market value of the fixed asset has subsequently improved
- Asset capacity increases
- Substantial improvement in the quality of output or reduction in operating costs
- Significant extension of the asset's life beyond that conferred by repairs and maintenance.

WARRINGTON COLLEGIATE

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 July 2012

FIXTURES AND EQUIPMENT

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

All assets 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 capital grant account and released to the income and expenditure account over the expected useful economic life of the related equipment.

LEASED ASSETS

Costs in respect of operating leases are charged on a straight-line basis over the lease term. Leasing agreements, which transfer to the College substantially all the benefits and risks of ownership of an asset, are treated as if the asset had been purchased outright. The assets are included in fixed assets and the capital elements of the leasing commitments are shown as obligations under finance leases. The lease rentals are treated as consisting of capital and interest elements.

The capital element is applied to reduce the outstanding obligations and the interest element is charged to the income and expenditure account in proportion to the reducing capital element outstanding. Assets held under finance leases are depreciated over the shorter of the lease term or the useful economic lives of equivalent owned assets.

INVESTMENTS AND ENDOWMENT ASSETS

Listed investments held as fixed assets or endowment assets are stated at market value. Current asset investments, which may include listed investments, are stated at the lower of their cost and net realisable value.

MAINTENANCE OF PREMISES

The cost of routine corrective maintenance is charged to the income and expenditure account 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 the income and expenditure account 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.

WARRINGTON COLLEGIATE

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 July 2012

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.

The College's subsidiary companies (presently dormant) are subject to corporation tax and VAT in the same way as any commercial organisation.

LIQUID RESOURCES

Liquid resources include sums on short-term deposits with recognised banks, building societies and government securities.

PROVISIONS

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.

AGENCY ARRANGEMENTS

The College acts as an agent in the collection and payment of Discretionary Support Funds and educational maintenance allowances. Related payments received from the SFA or its successor organisations and subsequent disbursements are excluded from the Income and Expenditure account and are shown separately in Note 38, except for the 5 per cent of the grant received which is available to the College to cover administration costs relating to the grant. The College employs one member of staff dedicated to the administration of Discretionary Support Fund applications and payments.

WARRINGTON COLLEGIATE
NOTES TO THE FINANCIAL STATEMENTS
For the year ended 31 July 2012

2 FUNDING BODY GRANTS

	2012	2011
	£'000	£'000
Recurrent grant – SFA/EFA	13,747	15,225
Recurrent grant - HEFCE	459	337
Recurrent grant - CITB	29	44
Releases of deferred capital grants (note 20)	<u>352</u>	<u>285</u>
Total	<u>14,587</u>	<u>15,891</u>

Income claimed from the SFA and payable to consortium partners has been excluded from these accounts. Total income claimed in the year under this arrangement and the related payments to partners were as follows:

	2012	2011
	£'000	£'000
Train to Gain income	-	1,411
Payments to non college partners	<u>-</u>	<u>-</u>
Net Income	<u>-</u>	<u>1,411</u>

3 TUITION FEES AND EDUCATION CONTRACTS

	2012	2011
	£'000	£'000
Tuition fees	979	1,388
Education contracts	<u>239</u>	<u>340</u>
Total	<u>1,218</u>	<u>1,728</u>

WARRINGTON COLLEGIATE

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 July 2012

4 OTHER INCOME

	2012 £'000	2011 £'000
Catering income	321	369
Projects income	244	117
Conferencing and facilities income	16	31
Other miscellaneous income	301	421
Other Grants	-	169
Total	882	1,107

5 ENDOWMENT AND INVESTMENT INCOME

	2012 £'000	2011 £'000
Income from restricted endowment investments (note 21)	-	-
Income from unrestricted endowment asset investments (note 21)	-	-
Other investment income	-	-
Other interest receivable	15	9
	15	9
Pension Finance Income (note 32)	821	744
Total	836	753

WARRINGTON COLLEGIATE

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 July 2012

6 STAFF COSTS

The average monthly number of persons (including senior post-holders) employed by the College during the year, expressed as full-time equivalents, was:

	2012 No.	2011 No.
Teaching staff	240	250
Non teaching staff	89	102
	<u>329</u>	<u>352</u>
Staff costs for the above persons		
	2012 £'000	2011 £'000
Wages and salaries	9,234	9,922
Social security costs	615	643
Other pension costs (including FRS 17 adjustments of £674,650 – 2011 £118,000)	1,234	1,374
	<u>11,083</u>	<u>11,939</u>
Payroll sub total		
Contracted out staffing services	-	-
	<u>11,083</u>	<u>11,939</u>
Exceptional restructuring costs	167	383
	<u>11,250</u>	<u>12,322</u>

The number of senior post-holders and other staff who received emoluments, including pension contributions and benefits in kind, in the following ranges was:

	Senior post-holders		Other staff	
	2012 No.	2011 No.	2012 No.	2011 No.
£60,001 to £70,000	-	-	2	4
£70,001 to £80,000	-	-	-	-
£80,001 to £90,000	3	2	-	-
£90,001 to £100,000	-	-	-	-
£100,001 to £110,000	-	-	-	-
£110,001 to £120,000	1	1	-	-
	<u>4</u>	<u>3</u>	<u>2</u>	<u>4</u>

WARRINGTON COLLEGIATE

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 July 2012

7 SENIOR POST-HOLDERS EMOLUMENTS

Senior post-holders are defined as the Principal and holders of the other senior posts whom the Governing Body has selected for the purposes of the articles of government of the College relating to the appointment and promotion of staff who are appointed by the Governing Body.

	2012 No.	2011 No.
The number of senior post-holders including the Principal was:	4	4

Senior post-holders' emoluments are made up as follows:

	2012 £'000	2011 £'000
Salaries	309	317
Benefits in kind	-	-
Pension contributions	51	52
Total emoluments	360	369

The above emoluments include amounts payable to the Principal (who is also the highest paid senior post-holder) of:

	2012 £'000	2011 £'000
Salaries	103	103
Benefits in kind	-	-
	103	103
Pension contributions	14	15

The pension contributions in respect of the Principal and senior post-holders are in respect of employer's contributions to either the Teachers' Pension Scheme or LGPS and are paid at the same rate as for other employees.

WARRINGTON COLLEGIATE
NOTES TO THE FINANCIAL STATEMENTS
For the year ended 31 July 2012

8 OTHER OPERATING EXPENSES

	2012	2011
	£'000	£'000
Teaching costs	2,637	2,892
Non teaching costs	879	766
Premises costs	910	1,045
	<u>4,426</u>	<u>4,703</u>
Total	4,426	4,703
Exceptional legal costs	<u>438</u>	<u>-</u>

Other operating expenses include:

	2012	2011
	£'000	£'000
Auditors' remuneration:		
Financial statements audit	26	24
Internal audit	18	17
Other services provided by the financial statements auditors	-	-
Other services provided by the internal auditors	-	-
Losses on disposal of tangible fixed assets (where not material)	-	-
Hire of plant and machinery – operating leases	34	33
Hire of other assets – operating leases	<u>-</u>	<u>-</u>

9 INTEREST AND OTHER FINANCE COSTS

	2012	2011
	£'000	£'000
On bank loans, overdrafts and other loans:		
Repayable within 5 years, not by installments	-	-
Repayable within 5 years, by installments	-	-
Repayable wholly or partly in more than 5 years	258	266
	<u>258</u>	<u>266</u>
On Pension Finance costs (note 32)	969	1,024
On finance leases	2	5
	<u>1,229</u>	<u>1,295</u>
Total	1,229	1,295

WARRINGTON COLLEGIATE

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 July 2012

10 TAXATION

The members do not believe the College was liable for any Corporation Tax arising out of its activities during the year. In prior year a provision was made for a possible tax liability. It was confirmed in the prior year that no liability is due.

	2012 £'000	2011 £'000
Provision for Corporation Tax in 2010 released in 2011	-	47

11 SURPLUS / (DEFICIT) ON CONTINUING OPERATIONS FOR THE PERIOD

The surplus / (deficit) on continuing operations for the period is made up as follows:

	2012 £'000	2011 £'000
College's surplus / (deficit) for the period	(910)	4
Total	<u>(910)</u>	<u>4</u>

WARRINGTON COLLEGIATE

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 July 2012

12 TANGIBLE FIXED ASSETS

	Land & Buildings		Equipment	Total
	Freehold	Fixtures		
	£'000	£'000	£'000	£'000
Cost or valuation				
At 1 August 2011	27,266	1,338	2,422	31,026
Additions	-	217	187	404
Disposals	-	-	(276)	(276)
At 31 July 2012	27,266	1,555	2,333	31,154
Depreciation				
At 1 August 2011	3,269	552	1,673	5,494
Charge for the year	662	178	250	1,090
Elimination in respect of disposals	-	-	(276)	(276)
At 31 July 2012	3,931	730	1,647	6,308
Net book value at 31 July 2012	23,335	825	686	24,846
Net book value at 31 July 2011	23,997	786	749	25,532

The transitional rules set out in FRS 15 Tangible Fixed Assets have been applied on implementing FRS 15. Accordingly the book values at implementation have been retained.

Land and buildings were valued in 1996 at depreciated replacement cost by a firm of independent chartered surveyors.

If inherited land and buildings had not been valued they would have been included at nil book value.

Fixed assets include assets with a net book value of £21,876,925 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 £1,001,020 (2010/11 £1,001,020).

Land and buildings include £204,436 of capitalised finance costs in respect of the new build programme. These costs are being depreciated over the useful life of the buildings. The depreciation charge on these assets for the year was £5,786 (2010/11 £5,786).

The net book value of tangible fixed assets in relation to equipment includes an amount of £264,096 (2010/11 £382,636) in respect of assets held under finance leases. The depreciation charge on these assets for the year was £118,540 (2010/11 £63,000).

WARRINGTON COLLEGIATE

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 July 2012

13 INVESTMENTS

	2012 £	2011 £
Investments in subsidiary companies	100,002	100,002
Investments in associate companies	-	-
Total	100,002	100,002

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. At 31 July 2012 the company had net assets of £100,002.

14 ENDOWMENT ASSETS

	2012 £'000	2011 £'000
Balance at 1 August 2011	41	41
Balance at 31 July 2012	41	41
Represented by:		
Cash balances (note 29)	41	41
Total	41	41

15 DEBTORS

	2012 £'000	2011 £'000
Amounts falling due within one year		
Trade debtors	193	344
Prepayments and accrued income	652	354
Other debtors	-	106
Amounts owed by the Skills Funding Agency	106	130
Total	951	934
Amounts falling due after more than one year		
Other debtors	-	-
Total	951	934

WARRINGTON COLLEGIATE

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 July 2012

16 CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	2012 £'000	2011 £'000
Bank loans and overdrafts	136	130
Obligations under finance leases	57	55
Payments received in advance	92	124
Trade creditors	735	433
Amounts owed to group undertakings:		
Subsidiary undertakings	100	100
Corporation tax	-	-
Other taxation and social security	351	363
Accruals	776	582
Amounts owed to the Skills Funding Agency	3	325
Other creditors	684	543
	<u>2,934</u>	<u>2,655</u>

17 CREDITORS: AMOUNTS FALLING DUE AFTER MORE THAN ONE YEAR

	2012 £'000	2011 £'000
Bank loans	3,860	3,997
Obligations under finance leases	20	77
Lennartz VAT Creditor	502	646
	<u>4,382</u>	<u>4,720</u>

18 BORROWINGS

	2012 £'000	2011 £'000
Bank loans and overdrafts		
Bank loans and overdrafts are repayable as follows:		
In one year or less	130	130
Between one and two years	142	136
Between two and five years	442	430
In five years or more	3,276	3,431
Total	<u>3,990</u>	<u>4,127</u>

Bank loans, at a rate comprising 4.96% fixed rate, 1.25% fixed margin rate and a variable MLA rate (ranging between 0.059% and 0.006% in 2010-11, and payable by installments falling due between 1 August 2010 and 28 February 2031, totaling £4,084,023 are secured on the freehold land and buildings of the College. An unsecured, interest free loan with Salix finance totaling £42,783 is repayable by installments falling due between 1 March 2011 and 1 September 2014.

WARRINGTON COLLEGIATE

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 July 2012

18 BORROWINGS (Continued)

Finance Leases

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

	2012 £'000	2011 £'000
In one year or less	57	55
Between one and two years	20	57
Between two and five years	-	20
In five years or more	-	-
Total	67	132

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

Lennartz VAT Loan

The repayments of the Lennartz VAT loan to which the institution is committed are:

	2012 £'000	2011 £'000
In one year or less	201	228
Between one and two years	201	285
Between two and five years	300	361
In five years or more	-	-
Total	702	874

The Lennartz VAT Loan is unsecured and interest free and repayable in quarterly instalments.

19 PROVISIONS FOR LIABILITIES AND CHARGES

	Restructuring £'000	Enhanced Pensions £'000	Other £'000	Total £'000
At 1 August 2011	-	771	-	771
Expenditure in the period	-	(43)	-	(43)
Increase in provision	-	9	-	9
At 31 July 2012	-	737	-	737

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

The principal assumptions for this calculation are:

	2012	2011
Price inflation	3.89%	5.36%
Discount rate	2.5%	2.75%

WARRINGTON COLLEGIATE

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 July 2012

20 DEFERRED CAPITAL GRANTS

	Funding Body £'000	Other grants £'000	Total £'000
At 1 August 2011			
Land and buildings	6,688	4,114	10,802
Equipment	206	156	362
Cash received			
Land and buildings	-	-	-
Equipment	100	-	100
Released to income and expenditure account			
Land and buildings	191	119	310
Equipment	29	13	42
At 31 July 2012			
Land and buildings	6,497	3,995	10,492
Equipment	277	143	420
Total	6,774	4,138	10,912

21 ENDOWMENTS

	2012 £'000	2011 £'000
At 1 August 2011	41	41
New Endowments	-	-
Investments Gains / (Losses)	-	-
Income for year	-	-
Expenditure for the year	-	-
At 31 July 2012	41	41

Endowments relate to three trusts which are for the benefit of students.

WARRINGTON COLLEGIATE

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 July 2012

22 REVALUATION RESERVE

	2012 £'000	2011 £'000
At 1 August	867	867
Revaluations in the period (as per note 12)	-	-
Transfer from revaluation reserve to general reserve in respect of:		
Reclassification	-	-
Disposals	-	-
Depreciation on revalued assets	-	-
At 31 July	<u>867</u>	<u>867</u>

The revaluation reserve relates to land which is not depreciated. Accordingly there is no transfer from the revaluation reserve to general reserve in respect of depreciation in the year.

23 MOVEMENT ON GENERAL RESERVES

	2012 £'000	2011 £'000
Income and Expenditure Account reserve		
At 1 August	3,087	533
(Deficit)/surplus retained for the year	(910)	4
Transfer to revaluation reserve	-	-
Actuarial (loss) / gain in respect of pension scheme	(3,209)	2,550
At 31 July	<u>(1,032)</u>	<u>3,087</u>
Balance represented by:		
Pension reserve	(8,506)	(5,344)
Income and expenditure account reserve		
Excluding pension reserve	7,474	8,431
At 31 July	<u>(1,032)</u>	<u>3,087</u>

WARRINGTON COLLEGIATE

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 July 2012

24 RECONCILIATION OF OPERATING SURPLUS TO NET CASH INFLOW FROM OPERATING ACTIVITIES

	2012 £'000	2011 £'000
(Deficit)/surplus on continuing operations after depreciation of assets at valuation	(910)	(43)
Depreciation (note 12)	1,090	1,202
Deferred capital grants released to income (note 20)	(352)	(454)
Interest payable (note 9)	260	271
(Increase)/decrease in debtors	(17)	1,243
Increase/(decrease) in creditors	298	(289)
(Decrease)/increase/(decrease) in provisions	(34)	37
Interest receivable (note 5)	(15)	(9)
FRS17 Pension cost less contributions payable	(47)	118
Net cash inflow from operating activities	273	2,076

The increase / (decrease) in creditors is after adjusting for movements in cost of financing and interest payable / (paid) - notes 28 and 9 & 25.

25 RETURNS ON INVESTMENTS AND SERVICING OF FINANCE

	2012 £'000	2011 £'000
Other interest received	15	9
Interest paid	(258)	(253)
Interest element of finance lease rental payment	(2)	(5)
Net cash outflow from returns on investment and servicing of finance	(245)	(249)

26 CAPITAL EXPENDITURE AND FINANCIAL INVESTMENT

	2012 £'000	2011 £'000
Purchase of tangible fixed assets	(404)	(555)
Deferred capital grants recovered	100	83
Net cash outflow from capital expenditure and financial investment	(304)	(472)

WARRINGTON COLLEGIATE

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 July 2012

27 MANAGEMENT OF LIQUID RESOURCES

	2012 £'000	2011 £'000
Sale of investments	-	-
Withdrawals from deposits	-	-
Purchase of investments	-	-
Placing of deposits	-	-
Movement in endowment assets	-	-
	<hr/>	<hr/>
Net cash inflow from management of liquid resources	-	-
	<hr/>	<hr/>

28 FINANCING

	2012 £'000	2011 £'000
Debt due beyond a year:		
New Loans	-	-
New Leases	-	167
Repayment of amounts borrowed	(130)	(109)
Capital element of finance lease rental payments	(55)	(63)
Repayment of Lennartz creditor	(172)	(298)
	<hr/>	<hr/>
Net cash outflow from financing	(357)	(303)
	<hr/>	<hr/>

29 ANALYSIS OF CHANGE IN NET FUNDS

	At 1 August 2011 £'000	Cashflows £'000	Other Changes £'000	At 31 July 2012 £'000
Cash in hand, and at bank	2,042	(633)	-	1,409
Endowment asset investments (note14)	41	-	-	41
Overdrafts	-	-	-	-
	<hr/>	<hr/>	<hr/>	<hr/>
	2,083	(633)	-	1,450
	<hr/>	<hr/>	<hr/>	<hr/>
Debt due within 1 year	(130)	(6)	-	(136)
Debt due after 1 year	(3,997)	136	-	(3,861)
Finance leases	(132)	55	-	(77)
Lennartz VAT	(874)	172	-	(702)
	<hr/>	<hr/>	<hr/>	<hr/>
Total	(3,050)	(276)	-	(3,326)
	<hr/>	<hr/>	<hr/>	<hr/>

WARRINGTON COLLEGIATE

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 July 2012

30 CASH FLOW RELATING TO EXCEPTIONAL ITEMS

During the year the operating cash inflow included cash outflows of £438,000 relating to exceptional legal costs incurred in relation to the ongoing dispute with Carillion plc (see note 36).

31 MAJOR NON-CASH TRANSACTIONS

During the year the provision for future pension costs have increased principally due to an actuarial loss of (£3,209,000).

32 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 Hymans Robertson LLP. Both are defined-benefit schemes.

Total pension cost for the year	2012 £'000	2011 £'000
Teachers Pension Scheme: contributions paid	598	636
Local Government Pension Scheme: Contributions paid	822	856
Adjustment	47	(118)
Charge to the Income and Expenditure Account (staff costs)	869	738
Pension Interest (Income) / Charge	-	-
Enhanced pension charge to Income and Expenditure Account (staff costs)	-	-
Total Pension Cost for Year	1,467	1,374

The pension costs are assessed in accordance with the advice of independent qualified actuaries. The latest actuarial valuation of the TPS was at 31 March 2004 and 31 March 2007 for the LGPS.

There were no outstanding or prepaid contributions at either the beginning or the end of the financial year. Contributions amounting to £157k (2011 £160k) were payable to the scheme at 31st July and are included within creditors.

Teachers' Pension Scheme

The Teachers' Pension Scheme is an unfunded defined benefit scheme. Contributions on a pay as you go basis are credited to the exchequer under arrangements governed by the Superannuation Act 1972. A notional asset value is ascribed to the scheme for the purpose of determining contribution rates.

The pensions cost is assessed no less than every four years in accordance with the advice of the government actuary. The assumptions and other data that have the most significant effect on the determination of the contribution levels are as follows:

WARRINGTON COLLEGIATE

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 July 2012

32 PENSIONS AND SIMILAR OBLIGATIONS (Continued)

Latest actuarial valuation	31 March 2004
Actuarial method	Prospective Benefits
Investment returns per annum	6.5% per annum
Salary scale increases per annum	5.0% per annum
Market value of assets at date of last valuation	£162,650 million

Proportion of members' accrued benefits covered by the actuarial value of the assets	98.88%
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Following the implementation of Teachers' Pensions (Employers' Supplementary Contributions) Regulations 2000 the government actuary carried out a further review on the level of employers' contributions. For the period from 1 August 2011 to 31 July 2012 the employer contribution was 14.1%. The employee rate was 6.4% for the period to 31st March 2012, with rates between 6.4% and 8.8%, depending on the members salary, from 1st April 2012. An appropriate provision in respect of unfunded pensioner's benefits is included in provisions.

FRS 17

Under the definitions set out in Financial Reporting Standard 17 (Retirement Benefits), the TPS is a multi-employer pension scheme. 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 under FRS 17 and has accounted for its contributions as if it were a defined contribution scheme. The College has set out above the information available on the deficit in the scheme and the implications for the College in terms of anticipated contribution rates.

LOCAL GOVERNMENT PENSION SCHEME (LGPS)

The LGPS is a funded defined benefit scheme, with the assets held in separate trustee administered funds. The total contribution made for the year ended 31 July 2012 was £1,035k of which employers contributions totaled £828k and employee's contributions totaled £207k. The agreed contribution rates was 25.6% for employers which rose to 25.6% in April 2012, variable for employees, ranging between 5.5% and 7.5% depending on salary..

FRS 17

Principal Actuarial Assumptions	At 31 July 2012	At 31 July 2011
Rate of increase in salaries	4.5%	5.0%
Rate of increase for pensions in payment / inflation	2.2%	2.7%
Discount rate for scheme liabilities	4.1%	5.3%
Inflation Assumption (CPI)	2.5%	2.5%
Commutation of pensions to lump sums	50%	50%

WARRINGTON COLLEGIATE

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 July 2012

32 PENSIONS AND SIMILAR OBLIGATIONS (Continued)

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 2012	At 31 July 2011
<i>Retiring today/current pensioners</i>		
Males	22.90	22.90
Females	25.70	25.70
<i>Retiring in 20 years/future pensioners</i>		
Males	24.90	24.90
Females	27.70	27.70

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

	Expected rate of return at 31 July 2012	Fair Value at 31 July 2012	Expected rate of return at 31 July 2011	Fair Value at 31 July 2011
		£'000		£'000
Equities	5.5%	9,892	7.00%	8,924
Bonds	2.8%	2,061	4.60%	1,912
Property	3.7%	824	5.10%	892
Cash	2.8%	962	4.00%	1,020
Total market value of assets		13,739		12,748
Present value of scheme liabilities				
- Funded		(22,245)		(18,092)
- Unfunded		-		-
Related deferred tax liability		-		-
(Deficit) / surplus in the scheme		(8,506)		(5,344)

WARRINGTON COLLEGIATE
NOTES TO THE FINANCIAL STATEMENTS
For the year ended 31 July 2012

32 PENSIONS AND SIMILAR OBLIGATIONS (Continued)

Amounts recognised in the income and expenditure account

	2012	2011
	£'000	£'000
Current service cost (net of employee contributions)	608	648
Curtailments and settlements	25	50
Past service cost	-	-
Total operating charge	633	698

Analysis of pension finance income / (costs)

Expected return on pension scheme assets	821	744
Interest on pension liabilities	(969)	(1,024)
Pension finance (costs) / income	(148)	(280)

Amount recognised in the statement of total recognised gains and losses (STRGL)

	2012	2011
	£'000	£'000
Actuarial gains/(losses) on pension scheme assets	(402)	398
Actuarial gains/(losses) on scheme liabilities	(2,807)	2,152
Actuarial loss recognised in STRGL	(3,209)	2,550

WARRINGTON COLLEGIATE
NOTES TO THE FINANCIAL STATEMENTS
For the year ended 31 July 2012

32 PENSIONS AND SIMILAR OBLIGATIONS (Continued)

	2012 £'000	2011 £'000
Movement in the present value of defined benefit obligations were as follows:		
At 1 August	18,092	18,745
Current service cost	608	648
Interest cost (Note 9)	969	1,024
Employee contributions	207	228
Actuarial loss/(gain)	2,807	(2,152)
Benefits paid	(463)	(451)
Curtailments and settlements	25	50
At 31 July	22,245	18,092
Movement in the fair value of College's share of scheme assets		
At 1 August	12,748	10,969
Expected return on assets	821	744
Actuarial (loss)/gain	(402)	398
Change in asset valuation	-	-
Employer contributions	828	860
Employee contributions	207	228
Benefits paid	(463)	(451)
Assets distributed on settlements	-	-
Assets acquired in a business combination	-	-
At 31 July	13,739	12,748

The estimated value of employer contributions for the year ended 31st July 2013 will be approximately £776,000.

WARRINGTON COLLEGIATE

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 July 2012

32 PENSIONS AND SIMILAR OBLIGATIONS (Continued)

	2012 £'000	2011 £'000	2010 £'000	2009 £'000	2008 £'000
History of experience gains and losses					
Difference between the expected and actual return on assets: amount £'000	(362)	398	1,162	(1,629)	(1,722)
Value of assets	13,739	12,748	10,969	8,499	8,757
% of scheme assets	0.48%	3.1%	10.6%	(19.2%)	(19.7%)
Experience gains and losses on scheme liabilities: amount £'000	-	-	-	-	259
% of scheme liabilities	22,245	18,092	18,745	17,014	13,791
	-	-	-	-	1.9%
Total amount recognised in STRGL amount £'000	(3,209)	2,550	(382)	(3,526)	(618)
% of scheme liabilities	22,245	18,092	18,745	17,014	13,791
	14.1%	14.1%	(2.0%)	(20.7%)	(4.5%)
Present value of funded obligations	(22,245)	(18,092)	(18,745)	(17,014)	(13,791)
Fair value of scheme assets	13,739	12,748	10,969	8,499	8,757

33 POST BALANCE SHEET EVENTS

There have been no material post balance sheet events.

34 CAPITAL COMMITMENTS

	2012 £'000	2011 £'000
Commitments contracted for at 31 July	-	-
Authorised but not contracted for at 31 July	-	-

WARRINGTON COLLEGIATE

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 July 2012

35 FINANCIAL COMMITMENTS

At 31 July annual commitments under non-cancelable operating leases as follows:

	2012 £'000	2011 £'000
Land and Buildings		
Expiring within one year	-	-
Expiring within two and five years inclusive	-	-
Expiring in over five years	-	-
	<hr/>	<hr/>
	-	-
	<hr/>	<hr/>
Other		
Expiring within one year	34	33
Expiring between two and five years inclusive	-	-
Expiring in over five years	-	-
	<hr/>	<hr/>
	34	33
	<hr/>	<hr/>

36 CONTINGENT LIABILITY

Carillion plc and the College are in dispute with regard to the settlement of the final account arising from the construction of the College's main campus building. Although protracted negotiations took place between the parties the dispute resulted in court hearings in October and December 2012 – the results of which have yet to be announced.

Although the College's legal advisors have indicated that they do not consider a material amount will be awarded against the College such an award is possible. It is not possible to reliably estimate the amounts that might be awarded to or against the College and it is considered commercially sensitive to indicate the value of the range of outcomes that might arise. Reflecting the Corporation's expectation of a successful outcome and the difficulty of accurately quantifying such an outcome no provision has been made in the financial statements for any liability that might arise from the dispute (although an amount is held in creditors in respect of a retention balance that was part of the originally agreed payment schedule between the parties).

During the year the College expensed costs relating to the ongoing dispute including £438,00 of legal and professional costs. Further costs have been incurred subsequent to the year-end that have also been expensed in the year ending 31 July 2013.

37 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 at arm's length and in accordance with the College's financial regulations and normal procurement procedures. Transactions with the funding bodies and HEFCE are detailed in notes 2, 15, 16 and 20.

WARRINGTON COLLEGIATE

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 July 2012

38 AMOUNTS DISPERSED AS AGENTS

DISCRETIONARY SUPPORT FUNDS

	2012 £'000	2011 £'000
Funding body grants – hardship Support	319	77
Funding body grants – childcare Support	156	147
Funding body grants – residential bursaries	-	-
Other Funding bodies grants	-	-
Interest earned	-	-
	<u>475</u>	<u>224</u>
Disbursed to students	(429)	(217)
Administration costs	(16)	(7)
	<u>30</u>	<u>-</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. The income consolidated in the College's financial statements relates to the purchase of some equipment from the access fund and the payment of accommodation by the College on the student's behalf.

WARRINGTON COLLEGIATE

INDEPENDENT AUDITOR'S REPORT ON REGULARITY TO THE CORPORATION OF WARRINGTON COLLEGIATE

Independent auditor's report on regularity to the Corporation of Warrington Collegiate ('the Corporation') and the Chief Executive of Skills Funding

In accordance with the terms of our engagement letter dated 23 January 2012 and further to the requirements of the Chief Executive of Skills Funding, we have performed procedures to obtain assurance about whether, in all material respects, the expenditure disbursed and income received of Warrington Collegiate ('the College') for the year ended 31 July 2012 have been applied to the purposes identified by Parliament and the financial transactions conform to the authorities which govern them.

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

Respective responsibilities of the Members of the Corporation of Warrington Collegiate and Auditors

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

Our responsibilities for this work are established in the United Kingdom by our profession's ethical guidance and the audit guidance set out in the Audit Code of Practice as amended by the Joint Audit Code of Practice and the Regularity Audit Framework issued by the Learning Skills Council. We report to you whether, in our opinion, in all material respects, expenditure and income for the year ended 31 July 2012 have been applied to purposes intended by Parliament and the financial transactions conform to the authorities which govern them.

Basis of opinion

We conducted work in accordance with the Audit Code of Practice as amended by the Joint Audit code of Practice and the Regularity Audit Framework issued by the Learning Skills Council. Our work includes examination, on a test basis, of evidence relevant to the regularity and propriety of the College's income and expenditure.

Opinion

In our opinion in all material respects, the expenditure and income for the year ended 31 July 2012 have been applied to purposes intended by Parliament and the financial transactions conform to the authorities, which govern them.


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