

WARRINGTON COLLEGIATE

**Financial Statements
For the Year Ended 31 July 2013**

WARRINGTON COLLEGIATE

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NATURE, OBJECTIVES AND STRATEGIES:

The Members present their report and the audited financial statements for the year ended 31st July 2013.

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 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

Warrington Collegiate's Strategic Statement describes the long term vision for the College. It also describes the targets and developments which the College intends to achieve over the next two years to make progress towards its long term vision. The Strategic Statement is updated annually following 4 quarterly Strategic Reviews and 3 Full Corporation meetings.

Section 1 – describes the Mission, Vision, Values and Strategic Aims of the College which serve as a framework for all College behaviours, plans and developments.

Section 2 – describes the external context for the College and also an internal assessment of the College.

Section 3 – describes the development actions the College will implement to deliver the Strategic Aims. The actions prioritised in this section arise from the College's annual self assessment report produced every Autumn Term and the regular strategic reviews conducted throughout the year by Governors and senior managers. The Development Plan is monitored monthly by senior managers and features prominently at every Strategic Review (4 times per year).

Section 4 – 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 5 – describes the curriculum framework, the quality systems and the approach to marketing which will help the College achieve its goals and targets.

Section 6 – describes the people, financial and physical 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 7 – 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.

The College Development Plan is the College's primary quality improvement action plan. The contents are determined by the key areas for improvement arising from the annual SAR and also the outcomes from the 4 strategic reviews held each year. The Development Plan aligns with the College's long term direction and its 3 key strategic aims.

STRATEGIC AIM 1 - Becoming an outstanding vocational College

- 1 Develop and implement a strategy which ensures the College upholds its value of “Excellence in teaching, learning & assessment is our first priority” and secures an outstanding grade for Teaching, Learning and Assessment in a future Ofsted inspection.
- 2 Increase the pace of improvement in learner responsive provision, particularly for 16-19 year olds with a particular focus on improving attendance, retention and attainment (particularly at Level 3). Core components of this strategy must include: robust learner performance management; an effective strategy for English & Maths; an effective enrichment programme.
- 3 Ensure effective goal setting, confidence building and the development of independent learning skills (supported by excellent use of e-learning) are core components of 16-19 learner responsive provision and that these components are reinforced by robust management of learner behaviour to support high learner achievement.
- 4 Ensure that “Vocational education for good employment” characterises all programmes offered to 16-19 year old learners and other learners as appropriate. Core components of this strategy must include: employer influence in all programmes; relevant work placement & work based projects; effective staff CPD relevant to the specific sector; excellent progression of students into relevant employment.

STRATEGIC AIM 2 - Growing in size and reputation

- 5 Re-launch the Warrington Business School with a particular focus on growing commercial leadership & management provision, apprenticeship provision, international income earning activity and specific “Learning Company” commercial ventures.
- 6 Ensure strategies to grow key College curriculum specialisms. Logistics and passenger transport, science, engineering & construction, sport, hospitality, business and enterprise are developed and implemented in alignment with both the LEP & “Warrington Means Business” strategies.
- 7 Ensure the College’s HE provision grows incrementally through both our directly funded status and through collaboration with key partners.
- 8 Support the growth of the Warrington Collegiate Education Trust and its component organisations – currently the Beamont Collegiate Academy and the Future Tech Studio School.

STRATEGIC AIM 3 - Helping transform Warrington into a more equal society

- 9 Ensure that Warrington Collegiate can evidence its desired role as a ‘Community College’ supporting and serving its local communities.
- 10 Ensure the College identifies and monitors the performance of all relevant groups of students who might face potential disadvantage to ensure there are no achievement gaps.

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

Carillion Legal Dispute

The College has been involved in a dispute with Carillion, over the final account for variations and defects in the construction of the new build project, since 2008. The financial results for the years 2012-13 and 2011-12 shown in these financial statements contain the exceptional legal costs and judgement awards relating to the dispute.

Judgement in the case was issued on 4th July 2013, in which the College was required to pay Carillion a final figure of £285,416 including VAT and interest. The College had been holding a retention figure of £268,330 as a provision for final payment to Carillion since 2008, and this has now been released to the Income and Expenditure Account. Carillion were also awarded 80% of their legal costs, which are still to be assessed, to be paid by the College. The exceptional legal and judgement costs of £1,609,500 have been recognised in the Income and Expenditure account in 2012-13 as shown in note 11.

The underlying operating position of the College for the 2012-13 financial year remained strong, with a surplus of income over expenditure of £359,154 being generated prior to the above adjustments relating to Carillion and before the annual FRS17 pension adjustment being included.

Financial results

The College generated an operating deficit of £1,434,219 on continuing activities, including exceptional redundancy costs of £81,000 and exceptional Carillion Costs and Legal Fees of £1,582,773.

The College has accumulated reserves of £47,000 and cash balances of £609,000 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 SFA and its successor organisations for its principal funding source, largely from recurrent grants. In 2012/13 the SFA and its successor organisations provided 83.5% 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.

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 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 £310,000 (2011/12 £273,000), operating cash inflow was low. This has reduced due to the costs incurred in costs and legal fees for the Carillion case and due to payments to sub-contractors to support growth in Skills Funding Agency contract values.

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. During the year this margin was comfortably exceeded.

FRS 17

The college has fully implemented the provisions of FRS17, although the corporation remains extremely concerned about the impact of FRS 17 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.

In the opinion of the Corporation 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 2012/13 the College has delivered activity that has produced £14,943,120 in funding body main allocation funding (2011/12 - £13,795,000). The College had approximately 9,070 funded students, of which 4,118 are subcontracted, and approximately 2,014 non funded students.

Student achievements

In 2012/13 the overall Learner Responsive success rate was 87%, an increase of 3%. Employer Responsive Success rates were 70% for the overall completion of Apprenticeship programmes and 94% for the overall completion of programmes completed in the workplace. This was an increase in success rates for apprenticeships of 19%.

Curriculum developments

The curriculum planning process involves the development of the curriculum model in line with the introduction of the Programmes of Study (POS) in September 2013. The development of the new POS has been progressed through bi weekly meetings of the Project Management Group attended by ELT, colleagues in CMT and representation from Curriculum Managers. CMT see the POS as an opportunity to align all provision for 16 – 18 year olds with the College's key objective of Education into Employment.

Key points to note are:

- All students where appropriate will take part in some form of work experience/ work placement
- Employability skills will either be embedded within the curriculum or delivered more overtly through discreet provision
- Clear entry requirements and comprehensive Impartial Advice and Guidance will be available to all students through the work of the new Learning Mentors
- There will be mandatory Maths and English for all students who haven't achieved at least a grade C at GCSE
- Enrichment opportunities will be available to all students
- Opportunities for our more able students to access additional challenging qualifications and activities
- Enterprise will feature more prominently across the curriculum
- A cross-college timetable will ensure better access for students and a more coherent approach

Business Planning

Converging with curriculum planning is the College's Business Planning process which started during January. The process upholds and supports each of the college's strategic objectives of

- Becoming an outstanding vocational College
- Growing in size and reputation
- Helping transform Warrington into a more equal society

Consideration at the moment is being given to provision based on a number of different factors namely, quality of the curriculum, viability in terms of student numbers and the alignment of provision with employment markets.

Decisions being made include:

- The decommissioning of courses where the viability, quality and alignment with markets is weak
- The commissioning of new provision either for September 2013 or September 2014
- Reviewing curriculum where quality is an issue and changes need to be made to promote improvement
- The rationalisation of curriculum where too many pathways have led to low class sizes

The commissioning of new curriculum will be made within the context of market research carried out by the college that has identified a number of emerging markets.

These include:

- STEM related curriculum including Engineering, Science and courses associated with the Government's Green Deal initiative
- Logistics
- Social Media and Telecoms
- Enterprise

These areas of potential growth for the college will be explored further with key personnel taking a lead for each of the areas. In terms of funding, apprenticeships, in particular for 16 – 18 year olds, will be a key area of focus for the college given the Government's imperative to increase numbers nationally. 24+ loans for level 3 and above will have an impact and the college is looking at ways to mitigate any potential negative effects. Other areas of growth for the college will lie with HE, international, full cost and professional courses.

Post-balance sheet events

Following the receipt of judgement in the Carillion legal dispute, payment of the judgement amount of £285,416 was made in August 2013, together with an interim payment of £400,000 towards the legal fees. We are still awaiting the final assessment of legal fees, and have included the estimated balance of £360,000 as a creditor in the 2012-13 results.

The College has agreed to enter a loan arrangement with Barclays Bank for the sum of £1m, repayable over a 5 year term at an interest rate of 4%. This was approved by the Corporation at a special meeting on 28th August 2013.

Future Developments

A key priority within the College's Improvement and Development Plan is to focus on the development of curriculum specialisms. During 13/14 strategies to grow logistics, passenger transport, enterprise and engineering will be implemented in alignment with both the LEP & 'Warrington Means Business' strategies.

Warrington Collegiate Education Trust has been established as a multi-academy trust. The trustees include Senior Postholders and Governors of the College. The Trust currently oversees one academy, Beamont Collegiate Academy, and is in the pre-opening stage of opening the Future Tech Studio School in September 2014.

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 £609,000 including endowments held in cash at the year end date.

Financial

The College has £10.2 million of net assets (including £7.4 million pension liability) and long term debt of £4.0 million.

People

The College employs 318 people (expressed as full time equivalents), of whom 231 are teaching staff.

Reputation

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

PRINCIPAL RISKS AND UNCERTAINTIES:

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

The Senior Management Team regularly undertakes 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 2012/13, 81.6% 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 2012/13. 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.

STAKEHOLDER RELATIONSHIPS

Warrington Collegiate has a wide range of stakeholders who include Students; Funding Councils, 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.

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:
 - 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 Student Support Services Department which maintains an overarching service level agreement to all learners.

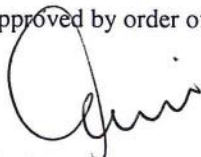
- The Admissions Policy and Procedure including the Appeals Procedure are published on the College Internet site.
- Specialist programmes are published in the College prospectus and success rates included in College performance reports.
- Counselling and welfare services are available through Learner 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 and signed on its behalf by:



Mr C Daniels
Chair
4th December 2013

PROFESSIONAL ADVISERS

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Warrington
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WARRINGTON COLLEGIATE

STATEMENT OF CORPORATE GOVERNANCE AND INTERNAL CONTROL

STATEMENT OF CORPORATE GOVERNANCE AND INTERNAL CONTROL

The following statement is provided to enable readers of the annual report and accounts of the College to obtain a better understanding of its governance and legal structure.

The College endeavours to conduct its business:

- i. in accordance with the seven principles identified by the Committee on Standards in Public Life (selflessness, integrity, objectivity, accountability, openness, honesty and leadership); and
- ii. having due regard to the UK Corporate Governance Code ("the Code") insofar as it is applicable to the further education sector

The Collegiate is committed to exhibiting best practice in all aspects of Corporate Governance. We do not comply with the UK Corporate Governance Code. However, we have reported on our Corporate Governance arrangements by drawing upon best practice available, including those aspects of the UK Corporate Governance Code we consider to be relevant to the further education sector and best practice.

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 5 April 2013	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 Senior Staff Salaries
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	31 October 2012	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	Vice Chairman of the Corporation Chairman: Search and Governance Audit Committee Senior Staff Salaries Capital Projects
Ms S Brooks	7 Jul 2010	4 years	1 Sept 2012	External Member	Search and Governance
Ms A Colligan	3 July 2013	2 years		Student Member	Standards and Curriculum
Mr P Cudlip	7 Dec 2011	4 years		External Member	Chairman: Audit Committee Senior Staff Salaries
Ms J Gifford	5 Dec 2012	4 years		Staff Member Business Support	Standards and Curriculum Search and Governance

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Name	Date of Appointment	Term of Office	Date of Resignation	Status of Appointment	Committees Served
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
Councillor J Joyce	6 Dec 2006 6 Dec 2010	4 years		External Member	Vice Chairman: Finance, HR and Estates
Mr M Lenaghan	3 Dec 2008	4 years	2 Dec 2012	Staff Member (Business Support)	Standards and Curriculum Search and Governance
Mr E McCrudden	6 Dec 2004 6 Dec 2008 5 Dec 2012	4 years		External Member	Chairman: Finance, HR and Estates Senior Staff Salaries
Ms K O'Dwyer	15 Mar 2012	4 years	30 Sept 2013	External Member	Standards and Curriculum
Ms J O'Mahoney	15 Mar 2012	4 years	13 March 2013	External Member	Audit Committee
Mr A Quayyum	5 Dec 2012	4 years		External Member	Finance, HR and Estates
Mr J Rigby	2 Dec 2009	4 years		External Member	Standards and Curriculum
Mr D Shaw	3 July 2013	4 years		External Member	Audit Committee
Mr B Short	6 Jul 2011	4 years	30 June 2013	Staff Member (Teaching)	Standards and Curriculum
Ms J Stanton	15 Mar 2012	4 years		External Member	Audit Committee Search and Governance
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:

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.

WARRINGTON COLLEGIATE

STATEMENT OF CORPORATE GOVERNANCE AND INTERNAL CONTROL

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 2013, 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 2013 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.

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.

WARRINGTON COLLEGIATE

STATEMENT OF CORPORATE GOVERNANCE AND INTERNAL CONTROL

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 2013 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 2013 and up to the date of approval of the annual report and accounts. This process is regularly reviewed by the Corporation.

The risk and control framework

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

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

Warrington 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.

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STATEMENT OF CORPORATE GOVERNANCE AND INTERNAL CONTROL

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.

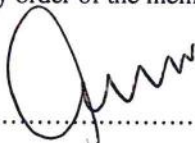
The Principal and senior management team receives reports setting out key performance and risk indicators and considers possible control issues brought to their attention by early warning mechanisms, which are embedded within the departments and reinforced by risk awareness training. The Principal and senior management team and the Audit Committee also receive regular reports from internal audit, which include recommendations for improvement. The Audit Committee's role in this area is confined to a high level review of the arrangements for internal 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 2013 meeting, the Corporation carried out the annual assessment for the year ended 31 July 2013 by considering documentation from the senior management team and internal audit, and taking account of events since 31 July 2013.

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

GOING CONCERN

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.

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

Signed


Date 4th December 2013
Colin Daniels, Chair

Signed


Date 4th December 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.

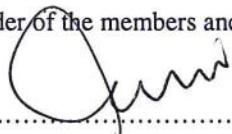
The Corporation is responsible for keeping proper accounting records, which disclose with reasonable accuracy, at any time, the financial position of the College and to enable it to ensure that the financial statements are prepared in accordance with the relevant legislation of incorporation and other 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 EFA and 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



.....

Date

Colin Daniels, Chair
4th December 2013

WARRINGTON COLLEGIATE

INDEPENDENT AUDITORS REPORT TO THE CORPORATION OF WARRINGTON COLLEGIATE

Independent Auditors' Report to the Corporation of Warrington Collegiate

We have audited the College financial statements of Warrington Collegiate for the year ended 31 July 2013 set out on pages 19 to 49. 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).

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 auditors' 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 Corporation of Warrington Collegiate and Auditor

As explained more fully in the Statement of the Corporation Responsibilities set out on page 17, the 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 Boards (APB's) Ethical Standards for Auditors.

Scope of the audit of the financial statements

A description of the scope at an audit of Financial Statements is provided on the Financial Reporting Council's website at www.frc.org.uk/apb/scope/private.cfm.

Opinion of financial statements

In our opinion the financial statements:

- give a true and fair view of the state of the College's affairs as at 31 July 2013 and of the Colleges deficit of income over 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

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 Council

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
4 Hardman Square
Spinningfields
Manchester M3 3EB

12 December 2013

WARRINGTON COLLEGIATE

INCOME AND EXPENDITURE ACCOUNT

For the year ended 31 July 2013

	Notes	2013 £'000	2012 £'000
INCOME			
Funding Body Grants	2	15,428	14,587
Tuition fees and education contracts	3	1,363	1,218
Other income	4	1,016	882
Endowment and Investment income	5	674	836
		<hr/>	<hr/>
TOTAL INCOME		18,481	17,523
		<hr/>	<hr/>
EXPENDITURE			
Staff costs	6	11,159	11,083
Exceptional restructuring costs	6	81	167
Other operating expenses	8	4,738	4,426
Exceptional legal and judgement costs	8	1,583	438
Depreciation	12	1,172	1,090
Interest and other finance costs	9	1,182	1,229
		<hr/>	<hr/>
TOTAL EXPENDITURE		19,915	18,433
		<hr/>	<hr/>
(Deficit) on continuing operations after depreciation of tangible fixed assets at valuation and before exceptional items and tax		(1,434)	(910)
		<hr/>	<hr/>
(Deficit) on continuing operations after depreciation of assets at valuation and exceptional items but before tax		(1,434)	(910)
		<hr/>	<hr/>
Taxation	10	-	-
		<hr/>	<hr/>
(DEFICIT) ON CONTINUING OPERATIONS AFTER DEPRECIATION OF ASSETS AT VALUATION EXCEPTIONAL ITEMS AND TAX	11	(1,434)	(910)
		<hr/>	<hr/>
(Deficit) for the year retained within general reserves		(1,434)	(910)
		<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 2013

	Notes	2013 £'000	2012 £'000
(Deficit) on continuing operations before taxation		(1,434)	(910)
Difference between historical cost depreciation and the actual charge for the year calculated on the revalued amount	22	-	-
 HISTORICAL COST (DEFICIT) FOR THE YEAR BEFORE TAXATION		 <u>(1,434)</u>	 <u>(910)</u>
 HISTORICAL COST (DEFICIT) FOR THE YEAR AFTER TAXATION		 <u>(1,434)</u>	 <u>(910)</u>

WARRINGTON COLLEGIATE

STATEMENT OF THE TOTAL RECOGNISED GAINS AND LOSSES

For the year ended 31 July 2013

	Notes	2013 £'000	2012 £'000
(Deficit) on continuing operations after depreciation of assets at valuation and disposal of assets and tax		(1,434)	(910)
Actuarial gain / (loss) in respect of pension scheme	32	1,249	(3,209)
TOTAL RECOGNISED GAINS /(LOSSES) SINCE LAST REPORT.		<u>(185)</u>	<u>(4,119)</u>
RECONCILIATION			
Opening reserves and endowments		(165)	3,954
Total recognised (losses) for the year		<u>(185)</u>	<u>(4,119)</u>
CLOSING RESERVES AND ENDOWMENTS		<u>(350)</u>	<u>(165)</u>

WARRINGTON COLLEGIATE

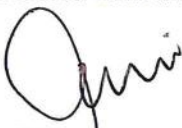
BALANCE SHEET


As at 31 July 2013

	Notes	2013 £'000	2012 £'000
FIXED ASSETS			
Tangible assets	12	24,146	24,846
Investments	13	100	100
TOTAL FIXED ASSETS		<u>24,246</u>	<u>24,946</u>
Endowment Assets - Permanent	14	<u>41</u>	<u>41</u>
CURRENT ASSETS			
Debtors	15	1,478	951
Cash at bank and in hand		568	1,409
Total Current Assets		<u>2,046</u>	<u>2,360</u>
Less: Creditors - amounts falling due within one year	16	(3,983)	(2,934)
NET CURRENT LIABILITIES		<u>(1,937)</u>	<u>(574)</u>
TOTAL ASSETS LESS CURRENT LIABILITIES		22,350	24,413
Less: Creditors - amounts falling due after more than one year	17	(3,994)	(4,382)
Less: Provisions for Liabilities	19	(728)	(737)
NET ASSETS EXCLUDING PENSION LIABILITY		<u>17,628</u>	<u>19,294</u>
NET PENSION LIABILITY	32	<u>(7,391)</u>	<u>(8,506)</u>
NET ASSETS INCLUDING PENSION LIABILITY		<u><u>10,237</u></u>	<u><u>10,788</u></u>

	Notes	2013 £'000	2012 £'000
DEFERRED CAPITAL GRANTS	20	<u>10,546</u>	<u>10,912</u>
ENDOWMENTS			
Permanent endowments	21	<u>41</u>	<u>41</u>
RESERVES			
Income and expenditure account excluding pension reserves	23	6,174	7,474
Pension reserve	32	<u>(7,391)</u>	<u>(8,506)</u>
Income and expenditure account including pension reserve	23	(1,217)	(1,032)
Revaluation reserve	22	867	867
TOTAL RESERVES		<u>(350)</u>	<u>(165)</u>
TOTAL FUNDS		<u>10,237</u>	<u>10,788</u>

The financial statements on pages 19 to 50 were approved and authorised for issue by the Corporation on 4th December 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 2013

	Notes	2013 £'000	2012 £'000
CASH INFLOW FROM OPERATING ACTIVITIES	24	310	273
Returns on investments and servicing of finance	25	(260)	(245)
Taxation	10	-	-
Capital expenditure and financial investment	26	(499)	(304)
		<hr/>	<hr/>
Cash inflow before use of liquid resources and financing		(449)	(276)
Management of liquid resources	27	-	-
Financing	28	(392)	(357)
		<hr/>	<hr/>
(DECREASE) / INCREASE IN CASH IN THE YEAR	29	(841)	(633)
		<hr/>	<hr/>
RECONCILIATION OF NET CASH FLOW TO MOVEMENT IN NET FUNDS			
(Decrease) in cash in the year	29	(841)	(633)
Change in net funds resulting from cash flows	29	346	302
Cash outflow from decrease in lease financing	29	57	55
		<hr/>	<hr/>
Movement in net funds in the year		(438)	(276)
Net Debt at 1 August		(3,326)	(3,050)
NET DEBT AT 31 JULY	29	(3,764)	(3,326)
		<hr/>	<hr/>

WARRINGTON COLLEGIATE

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 July 2013

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), the Accounts Direction for 2012-13 financial statements and in accordance with applicable Accounting Standards.

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.

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 subsidiary has been excluded from consolidation on the grounds that it is 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 2013.

RECOGNITION OF INCOME

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.

Income from tuition fees is recognised in the period for which it is received and includes all fees payable by students or their sponsors, for example the National Health Service.

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.

WARRINGTON COLLEGIATE

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 July 2013

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.

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.

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

WARRINGTON COLLEGIATE

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 July 2013

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.

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.

WARRINGTON COLLEGIATE

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 July 2013

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.

STOCKS

Stocks are stated at the lower of their cost and net realisable value. Where necessary, provision is made for obsolete, slow moving and defective stocks.

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.

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.

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 education bursaries. 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 37, 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 2013

2 FUNDING BODY GRANTS

	2013 £'000	2012 £'000
Recurrent grant – SFA/EFA	14,809	13,746
Recurrent grant – HEFCE	219	459
Recurrent grant – Construction Skills	35	29
Releases of deferred capital grants (note 20)	365	353
Total	15,428	14,587

3 TUITION FEES AND EDUCATION CONTRACTS

	2013 £'000	2012 £'000
Tuition fees	1,225	979
Education contracts	138	239
Total	1,363	1,218

4 OTHER INCOME

	2013 £'000	2012 £'000
Catering income	300	321
Projects income	382	244
Conferencing and facilities income	21	16
Other miscellaneous income	313	301
Total	1,016	882

5 ENDOWMENT AND INVESTMENT INCOME

	2013 £'000	2012 £'000
Other interest receivable	3	15
Pension Finance Income (note 32)	671	821
Total	674	836

WARRINGTON COLLEGIATE

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 July 2013

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

	2013 No.	2012 No.
Teaching staff	235	240
Non teaching staff	89	89
	<u>324</u>	<u>329</u>
Staff costs for the above persons		
	2013 £'000	2012 £'000
Wages and salaries	9,214	9,234
Social security costs	612	615
Other pension costs (including FRS 17 adjustments of £695,000 – 2012 £674,650)	1,333	1,234
	<u>11,159</u>	<u>11,083</u>
Payroll sub total		
Contracted out staffing services	-	-
	<u>11,159</u>	<u>11,083</u>
Exceptional restructuring costs	81	167
	<u>11,240</u>	<u>11,250</u>

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

	Senior post-holders		Other staff	
	2013 No.	2012 No.	2013 No.	2012 No.
Upto £60,000	2	-	6	2
£60,001 to £70,000	-	2	-	-
£70,001 to £80,000	1	1	-	-
£80,001 to £90,000	-	-	-	-
£90,001 to £100,000	-	-	-	-
£100,001 to £110,000	-	1	-	-
£110,001 +	1	-	-	-
	<u>4</u>	<u>4</u>	<u>6</u>	<u>2</u>

A pay award was made, of 0.7% for those with earnings above £15k, £200 for those below £15k with effect from 1 August 2012, approved by the Corporation.

WARRINGTON COLLEGIATE

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 July 2013

7 SENIOR POSTHOLDERS 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.

	2013 No.	2012 No.
The number of senior post-holders including the Principal was:	4	4

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

	2013 £'000	2012 £'000
Salaries	334	309
Benefits in kind	-	-
Pension contributions	56	51
Total emoluments	390	360

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

	2013 £'000	2012 £'000
Salaries	114	103
Benefits in kind	-	-
	114	103
Pension contributions	16	14

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 2013

8 OTHER OPERATING EXPENSES

	2013 £'000	2012 £'000
Teaching costs	3,016	2,637
Non teaching costs	746	879
Premises costs	976	910
Total	4,738	4,426
Exceptional legal and judgement costs	1,583	438

Surplus / (Deficit) on continuing operations is stated after charging / (crediting) :

	2013 £'000	2012 £'000
Auditors' remuneration:		
Financial statements audit	32	26
Internal audit	17	18
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	34
Hire of other assets – operating leases	-	-

9 INTEREST AND OTHER FINANCE COSTS

	2013 £'000	2012 £'000
On bank loans, overdrafts and other loans:		
Repayable wholly or partly in more than 5 years	261	258
	261	258
On Pension Finance costs (note 32)	919	969
On finance leases	2	2
Total	1,182	1,229

WARRINGTON COLLEGIATE

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 July 2013

10 TAXATION

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

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

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

	2013 £'000	2012 £'000
Underlying operating surplus / (deficit)	359	(519)
FRS17 Pension impact	(184)	47
Accelerated Depreciation	(26)	-
Exceptional Legal and Judgement Costs for Carillion	<u>(1,583)</u>	<u>(438)</u>
College's (deficit) / surplus for the period	<u>(1,434)</u>	<u>(910)</u>

12 TANGIBLE FIXED ASSETS

	Land & Buildings		Equipment	Total
	Freehold	Fixtures		
	£'000	£'000	£'000	£'000
Cost or valuation				
At 1 August 2012	27,266	1,555	2,333	31,154
Additions	-	-	499	499
Disposals	(27)	-	(56)	(83)
At 31 July 2013	27,239	1,555	2,776	31,570
Depreciation				
At 1 August 2012	3,931	730	1,647	6,308
Charge for the year	687	207	278	1,172
Elimination in respect of disposals	-	-	(56)	(56)
At 31 July 2013	4,618	937	1,869	7,424
Net book value at 31 July 2013	22,621	618	907	24,146
Net book value at 31 July 2012	23,335	825	686	24,846

WARRINGTON COLLEGIATE

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 July 2013

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 £24,146k 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 £1,172k (2011/12 £1,090k).

Land and buildings include £216,008k 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 (2011/12 £5,786).

The net book value of tangible fixed assets in relation to equipment includes an amount of £55,556 (2011/12 £111,079) in respect of assets held under finance leases. The depreciation charge on these assets for the year was £55,523 (2011/12 £55,539).

13 INVESTMENTS

	2013 £	2012 £
Investments in subsidiary companies	100,002	100,002
	<u>100,002</u>	<u>100,002</u>

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.

14 ENDOWMENT ASSETS

	2013 £'000	2012 £'000
Balance at 1 August 2012	41	41
Balance at 31 July 2013	<u>41</u>	<u>41</u>
Represented by:		
Cash balances (note 29)	41	41
Total	<u>41</u>	<u>41</u>

WARRINGTON COLLEGIATE
NOTES TO THE FINANCIAL STATEMENTS
For the year ended 31 July 2013

15 DEBTORS

	2013 £'000	2012 £'000
Amounts falling due within one year		
Trade debtors	190	193
Prepayments and accrued income	1,010	655
Other debtors	2	(3)
Amounts owed by the Skills Funding Agency	276	106
Total	1,478	951
Amounts falling due after more than one year		
Other debtors	-	-
Total	1,478	951

16 CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	2013 £'000	2012 £'000
Bank loans and overdrafts	143	136
Obligations under finance leases	20	57
Payments received in advance	501	92
Trade creditors	935	735
Amounts owed to group undertakings:		
Subsidiary undertakings	100	100
Corporation tax	-	-
Other taxation and social security	375	351
Accruals	1,566	776
Amounts owed to the Skills Funding Agency	30	3
Other creditors	313	684
	3,983	2,934

17 CREDITORS: AMOUNTS FALLING DUE AFTER MORE THAN ONE YEAR

	2013 £'000	2012 £'000
Bank loans	3,718	3,861
Obligations under finance leases	-	20
Lennartz VAT Creditor	276	501
	3,994	4,382

WARRINGTON COLLEGIATE

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 July 2013

18 BORROWINGS

	2013 £'000	2012 £'000
Bank loans and overdrafts		
Bank loans and overdrafts are repayable as follows:		
In one year or less	143	130
Between one and two years	144	142
Between two and five years	462	442
In five years or more	3,112	3,276
Total	3,861	3,990

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 2012-13, 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 instalments falling due between 1 March 2011 and 1 September 2014.

Finance Leases

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

	2013 £'000	2012 £'000
In one year or less	20	57
Between one and two years	-	20
Between two and five years	-	-
In five years or more	-	-
Total	20	77

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:

	2013 £'000	2012 £'000
In one year or less	216	201
Between one and two years	215	201
Between two and five years	61	300
In five years or more	-	-
Total	492	702

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

WARRINGTON COLLEGIATE

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 July 2013

19 PROVISIONS FOR LIABILITIES AND CHARGES

	Restructuring £'000	Enhanced Pensions £'000	Other £'000	Total £'000
At 1 August 2012	-	737	-	737
Expenditure in the period	-	(59)	-	(59)
Increase in provision	-	50	-	50
At 31 July 2013	-	728	-	728

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:

	2013	2012
Price inflation	3.89%	3.89%
Discount rate	2.50%	2.50%

20 DEFERRED CAPITAL GRANTS

	Funding Body £'000	Other grants £'000	Total £'000
At 1 August 2012			
Land and buildings	6,497	3,995	10,492
Equipment	276	143	419
Released to income and expenditure account			
Land and buildings	191	119	310
Equipment	45	10	55
At 31 July 2013			
Land and buildings	6,306	3,876	10,182
Equipment	231	133	364
Total	6,537	4,009	10,546

WARRINGTON COLLEGIATE

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 July 2013

21 ENDOWMENTS

	2013 £'000	2012 £'000
At 1 August 2012	41	41
At 31 July 2013	<u>41</u>	<u>41</u>

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

22 REVALUATION RESERVE

	2013 £'000	2012 £'000
At 1 August 2012	867	867
Revaluations in the period (as per note 12)	-	-
At 31 July 2013	<u>867</u>	<u>867</u>

WARRINGTON COLLEGIATE

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 July 2013

23 MOVEMENT ON GENERAL RESERVES

	2013 £'000	2012 £'000
Income and Expenditure Account reserve		
At 1 August	(1,032)	3,087
(Deficit) retained for the year	(1,434)	(910)
Actuarial (loss) / gain in respect of pension scheme	1,249	(3,209)
At 31 July	<u>(1,217)</u>	<u>(1,032)</u>
 Balance represented by:		
Pension reserve	(7,391)	(8,506)
Income and expenditure account reserve		
Excluding pension reserve	6,174	7,474
At 31 July	<u>(1,217)</u>	<u>(1,032)</u>

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

	2013 £'000	2012 £'000
(Deficit) on continuing operations after depreciation of assets at valuation	(1,434)	(910)
Depreciation (note 12)	1,172	1,090
Deferred capital grants released to income (note 20)	(365)	(352)
Interest payable (note 9)	263	260
(Increase)/decrease in debtors	527	(17)
Increase/(decrease) in creditors	25	298
Increase/(decrease) in provisions	(9)	(34)
Interest receivable (note 5)	(3)	(15)
FRS17 Pension cost less contributions payable	134	(47)
Net cash inflow from operating activities	<u>310</u>	<u>273</u>

WARRINGTON COLLEGIATE

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 July 2013

25 RETURNS ON INVESTMENTS AND SERVICING OF FINANCE

	2013 £'000	2012 £'000
Other interest received	3	15
Interest paid	(261)	(258)
Interest element of finance lease rental payment	(2)	(2)
Net cash outflow from returns on investment and servicing of finance	(260)	(245)

26 CAPITAL EXPENDITURE AND FINANCIAL INVESTMENT

	2013 £'000	2012 £'000
Purchase of tangible fixed assets	(499)	(404)
Deferred capital grants	-	100
Net cash outflow from capital expenditure and financial investment	(499)	(304)

27 MANAGEMENT OF LIQUID RESOURCES

	2013 £'000	2012 £'000
Sale of investments	-	-
Withdrawals from deposits	-	-
Purchase of investments	-	-
Placing of deposits	-	-
Movement in endowment assets	-	-
Net cash inflow from management of liquid resources	-	-

28 FINANCING

	2013 £'000	2012 £'000
Debt due beyond a year:		
Repayment of amounts borrowed	(136)	(130)
Capital element of finance lease rental payments	(55)	(55)
Repayment of Lennartz creditor	(201)	(172)
Net cash outflow from financing	(392)	(357)

WARRINGTON COLLEGIATE

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 July 2013

29 ANALYSIS OF CHANGE IN NET FUNDS

	At 1 August 2012 £'000	Cashflows £'000	Other Changes £'000	At 31 July 2013 £'000
Cash in hand, and at bank	1,409	(841)	-	568
Endowment asset investments (note 14)	41	-	-	41
Overdrafts	-	-	-	-
	<u>1,450</u>	<u>(841)</u>	<u>-</u>	<u>609</u>
Debt due within 1 year	(136)	(7)	-	(143)
Debt due after 1 year	(3,861)	143	-	(3,718)
Finance leases	(77)	57	-	(20)
Lennartz VAT	(702)	210	-	(492)
Total	<u>(3,326)</u>	<u>(438)</u>	<u>-</u>	<u>(3,764)</u>

30 CASHFLOW RELATING TO EXCEPTIONAL ITEMS

During the year there have been cash flows of £1,582,773 due to exceptional Carillion Judgement and Legal costs.

31 MAJOR NON-CASH TRANSACTIONS

During the year the provision for future pension costs have decreased due to an actuarial gain of (£1,249,000).

WARRINGTON COLLEGIATE

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 July 2013

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.

	2013 £'000	2012 £'000
Total pension cost for the year		
Teachers Pension Scheme: contributions paid	646	598
Local Government Pension Scheme: Contributions paid	772	822
Adjustment	(134)	47
Charge to the Income and Expenditure Account (staff costs)	638	869
Pension Interest (Income) / Charge	-	-
Enhanced pension charge to Income and Expenditure Account (staff costs)	-	-
Total Pension Cost for Year	1,284	1,467

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 2010 for the LGPS.

There were no outstanding or prepaid contributions at either the beginning or the end of the financial year, Contributions amounting to £170k (2012 - £157k) were payable to the scheme at 31st July and are included within creditors.

Teachers' Pension Scheme

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

The Teachers' Pension Budgeting and Valuation Account

Although teachers and lecturers are employed by various bodies, their retirement and other pension benefits, including annual increases payable under the Pensions (Increase) Acts are, as provided for in the Superannuation Act 1972, paid out of monies provided by Parliament. Under the unfunded TPS, teachers' contributions on a 'pay-as-you-go' basis, and employers' contributions, are credited to the Exchequer under arrangements governed by the above Act.

The Teachers' Pensions Regulations require an annual account, the Teachers' Pension Budgeting and Valuation Account, to be kept of receipts and expenditure (including the cost of pensions' increases). From 1 April 2001, the Account has been credited with a real rate of return (in excess of price increases and currently set at 3.5%), which is equivalent to assuming that the balance in the Account is invested in notional investments that produce that real rate of return.

WARRINGTON COLLEGIATE

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 July 2013

Valuation of the Teachers' Pension Scheme

Not less than every four years the Government Actuary ("GA"), using normal actuarial principles, conducts a formal actuarial review of the TPS. The aim of the review is to specify the level of future contributions.

The contribution rate paid into the TPS is assessed in two parts. First, a standard contribution rate ("SCR") is determined. This is the contribution, expressed as a percentage of the salaries of teachers and lecturers in service or entering service during the period over which the contribution rate applies, which if it were paid over the entire active service of these teachers and lecturers would broadly defray the cost of benefits payable in respect of that service. Secondly, a supplementary contribution is payable if, as a result of the actuarial investigation, it is found that accumulated liabilities of the Account for benefits to past and present teachers, are not fully covered by standard contributions to be paid in future and by the notional fund built up from past contributions. The total contribution rate payable is the sum of the SCR and the supplementary contribution rate.

The last valuation of the TPS related to the period 1 April 2001 - 31 March 2004. The GA's report of October 2006 revealed that the total liabilities of the Scheme (pensions currently in payment and the estimated cost of future benefits) amounted to £166,500 millions. The value of the assets (estimated future contributions together with the proceeds from the notional investments held at the valuation date) was £163,240 millions. The assumed real rate of return is 3.5% in excess of prices and 2% in excess of earnings. The rate of real earnings growth is assumed to be 1.5%. The assumed gross rate of return is 6.5%.

As from 1 January 2007, and as part of the cost-sharing agreement between employers' and teachers' representatives, the SCR was assessed at 19.75%, and the supplementary contribution rate was assessed to be 0.75% (to balance assets and liabilities as required by the regulations within 15 years). This resulted in a total contribution rate of 20.5%, which translated into an employee contribution rate of 6.4% and employer contribution rate of 14.1% payable. The cost-sharing agreement also introduced – effective for the first time for the 2008 valuation – a 14% cap on employer contributions payable.

Scheme Changes

From 1 April 2012 to 31 March 2013, the employee contribution rate will range between 6.4% and 8.8%, depending on a member's Full Time Equivalent salary. Further changes to the employee contribution rate will be applied in 2013-14 and 2014-15.

Actuarial scheme valuations are dependent on assumptions about the value of future costs, design of benefits and many other factors. Many of these are being discussed in the context of the design for a reformed TPS, as set out in the Proposed Final Agreement, and scheme valuations are, therefore, currently suspended. The Government, however, has set out a future process for determining the employer contribution rate under the new scheme, and this process will involve a full actuarial valuation.

The Proposed Final Agreement can be found at:

<http://media.education.gov.uk/assets/files/ppt/t/tps%20proposed%20final%20agreement.pdf>

The pension costs paid to TPS in the year amounted to £989,000 (2012: £1,490,000)

WARRINGTON COLLEGIATE

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 July 2013

FRS 17

Under the definitions set out in Financial Reporting Standard (FRS 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 in FRS17 and has accounted for its contributions to the scheme as if it were a defined-contribution scheme. The College has set out above the information available on the scheme and the implications for the College in terms of the anticipated contribution rates.

LOCAL GOVERNMENT PENSION SCHEME (LGPS)

The LGPS is a funded defined benefit scheme, with the assets held in separate trustee administered funds. The total contribution made for the year ended 31 July 2013 was £1,003k of which employers contributions totaled £809k and employee's contributions totaled £194k. The agreed contribution rates were 25.6% for employers and variable for employees, ranging between 5.5% and 7.5% depending on salary.

FRS 17

Principal Actuarial Assumptions	At 31 July 2013	At 31 July 2012
Rate of increase in salaries	5.1%	4.5%
Rate of increase for pensions in payment / inflation	2.8%	2.2%
Discount rate for scheme liabilities	4.6%	4.1%
Inflation Assumption (CPI)	2.5%	2.5%
Commutation of pensions to lump sums	50%	50%

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 2013	At 31 July 2012
<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

WARRINGTON COLLEGIATE
NOTES TO THE FINANCIAL STATEMENTS
For the year ended 31 July 2013

32 PENSIONS AND SIMILAR OBLIGATIONS (continued)

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 2013	Fair Value at 31 July 2013	Expected rate of return at 31 July 2012	Fair Value at 31 July 2012
		£'000		£'000
Equities	6.4%	12,508	5.5%	9,892
Bonds	3.4%	2,168	2.8%	2,061
Property	4.6%	1,001	3.7%	824
Cash	3.4%	1,001	2.8%	962
Total market value of assets		16,678		13,739
Present value of scheme liabilities				
- Funded		(24,069)		(22,245)
- Unfunded		-		-
Related deferred tax liability		-		-
(Deficit) / surplus in the scheme		(7,391)		(8,506)

Amounts recognised in the income and expenditure account

	2013 £'000	2012 £'000
Current service cost (net of employee contributions)	690	608
Past service cost	-	-
Total operating charge	690	608

**Analysis of pension finance income /
(costs)**

Expected return on pension scheme assets	671	821
Interest on pension liabilities	(919)	(969)
Pension finance (costs) / income	(248)	(148)

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

	2013 £'000	2012 £'000
Actuarial gains/(losses) on pension scheme assets	1,798	(402)
Actuarial gains/(losses) on scheme liabilities	(549)	(2,807)
Actuarial gain / (loss) recognised in STRGL	1,249	(3,209)

WARRINGTON COLLEGIATE
NOTES TO THE FINANCIAL STATEMENTS
For the year ended 31 July 2013

32 PENSIONS AND SIMILAR OBLIGATIONS (continued)

	2013 £'000	2012 £'000
Movement in the present value of defined benefit obligations were as follows:		
At 1 August	22,245	18,092
Current Service cost	690	608
Interest cost (Note 9)	919	969
Employee contributions	194	207
Liabilities assumed in a business combination	-	-
Actuarial (gain)/loss	549	2,807
Benefits paid	(533)	(463)
Curtailments and settlements	5	25
At 31 July	24,069	22,245
Movement in the fair value of College's share of scheme assets		
At 1 August	13,739	12,748
Expected return on assets	671	821
Actuarial gain/(loss)	1,798	(402)
Change in asset valuation	-	-
Employer contributions	809	828
Employee contributions	194	207
Benefits paid	(533)	(463)
At 31 July	16,678	13,739

The estimated value of employer contributions for the year ended 31st July 2014 will be approximately £788,000.

WARRINGTON COLLEGIATE

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 July 2013

32 PENSIONS AND SIMILAR OBLIGATIONS (continued)

	2013 £'000	2012 £'000	2011 £'000	2010 £'000	2009 £'000
History of experience gains and losses					
Difference between the expected and actual return on assets: amount £'000	1,798	(402)	398	1,162	(1,629)
Value of assets	16,678	13,739	12,748	10,969	8,499
% of scheme assets	0.49%	0.48%	3.1%	10.6%	(19.2%)
Experience gains and losses on scheme liabilities: amount £'000	-	-	-	-	-
% of scheme liabilities	-	-	-	-	-
Total amount recognised in STRGL amount £'000	(1,249)	(3,209)	2,550	(382)	(3,526)
% of scheme liabilities	14.1%	14.1%	14.1%	(2.0%)	(20.7%)
Present value of funded obligations	(24,069)	(22,245)	(18,092)	(18,745)	(17,014)
Fair value of scheme assets	16,678	13,739	12,748	10,969	8,499

33 POST BALANCE SHEET EVENTS

Following the receipt of judgement in the Carillion legal dispute, payment of the judgement amount of £285,416 was made in August 2013, together with an interim payment of £400,000 towards the legal fees. We are still awaiting the final assessment of legal fees, and have included the estimated balance of £360,000 as a creditor in the 2012-13 results.

The College has agreed to enter a loan arrangement with Barclays Bank for the sum of £1m, repayable over a 5 year term at an interest rate of 4%. This was approved by the Corporation at a special meeting on 28th August 2013.

34 CAPITAL COMMITMENTS

	2013 £'000	2012 £'000
Commitments contracted for at 31 July	-	-
Commitments under finance leases entered into but not yet provided for in the financial statements	-	-

WARRINGTON COLLEGIATE

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 July 2013

35 FINANCIAL COMMITMENTS

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

	2013 £'000	2012 £'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	34
Expiring between two and five years inclusive	-	-
Expiring in over five years	-	-
	<hr/>	<hr/>
	34	34
	<hr/>	<hr/>

36 CONTINGENT LIABILITY

An estimate for Carillion legal fees has been provided of £760k. An interim payment of £400k has been made in August 2013 leaving a balance of £360k within accruals.

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 SFA and its successor organizations and HEFCE are detailed in notes 2, 15, 16 and 20.

WARRINGTON COLLEGIATE

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 July 2013

38 AMOUNTS DISPERSED AS AGENTS

DISCRETIONARY SUPPORT FUNDS

	2013 £'000	2012 £'000
Funding body grants – hardship Support	378	319
Funding body grants – childcare Support	272	156
Funding body grants – residential bursaries	-	-
Other Funding bodies grants	-	-
Interest earned	-	-
	<u>650</u>	<u>475</u>
Disbursed to students	(504)	(429)
Staffing		
Administration costs	(33)	(16)
Audit fees		
Amount consolidated in financial statements		
	<u>113</u>	<u>30</u>

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

WARRINGTON COLLEGIATE

INDEPENDENT AUDITOR'S REPORT

Independent report 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 2nd April 2012 and further to the requirements of the Skills Funding Agency, we have carried out a review to obtain assurance about whether, in all material respects, the expenditure (disbursed) and income (received) of Warrington Collegiate ('the College') during the year ended 31 July 2013 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 review 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 them 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 review 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 review are established in the United Kingdom by our profession's ethical guidance and the audit guidance set out in the Audit Code of Practice and the Regularity Audit Framework issued by the LSC. We report to you whether, in our opinion, in all material respects, the College's expenditure and income for the year ended 31 July 2013 have been applied to purposes intended by Parliament and the financial transactions conform to the authorities which govern them.

Basis of opinion

We conducted our review in accordance with Audit Code of Practice and the Regularity Audit Framework issued by the Learning and Skills Council. Our review 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 2013 have been applied to the purposes intended by Parliament and the financial transactions conform to the authorities which govern them.



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12 December 2013