

WARRINGTON COLLEGIATE

**Financial Statements
For the Year Ended 31 July 2015**

WARRINGTON COLLEGIATE

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OPERATING AND FINANCIAL REVIEW

Nature, Objectives and Strategies:

The Members present their report and the audited financial statements for the year ended 31 July 2015.

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 Part 3 of the Charities Act 2011.

Public Benefit

Warrington Collegiate is an exempt charity under Part 3 of the Charities Act 2011 and from 1st September 2013, is regulated by the Secretary of State for Business, Innovation and Skills as Principal Regulator for all FE Corporations in England. The members of the Governing Body, who are trustees of the charity, are disclosed on pages 11 to 13.

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

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

- High-quality teaching
- Widening participation and tackling social exclusion
- Excellent employment record for students
- Strong student support systems
- Links with employers, industry and commerce.

Vision, Mission, Values, Strategic Aims and Key Priorities

Following consultation with the College Management Team (CMT) and wider staff, the College has refreshed its Vision, Mission and Values and has outlined 20 key priorities to be achieved during the period 2015-17, linked to two strategic aims as follows:

Our Vision

To become bigger, stronger and better for Warrington and Cheshire. Committed to taking the lead in the co-creation of the future of the Further Education sector. Become an inspiration to others.

Our Mission

Realising potential; transforming lives.

Our Values

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

1. **We put our learners and customers first** - Prioritising learners and their learning and progress, delighting our customers

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

Warrington Collegiate Strategic Aims and Priorities 2015 - 17

Strategic Aim 1: Becoming an outstanding College

Priorities for 2015 - 17

- 1 Secure Ofsted and QAA recognition as good or better.
- 2 Increase the pace of improvement in learner responsive provision.
- 3 Increase the pace of improvement in apprenticeship provision, with a particular focus on timely achievement.
- 4 Invest in the learning infrastructure to support new, creative and digital pedagogies and independent learning.
- 5 Embed the routine use of and reporting from ProMonitor and Smart Assessor to assist with early intervention, secure support for “at risk” learners and boost rates of attendance, retention, academic progress and value added.
- 6 Invest in resources to support comprehensive and fully inclusive literacy and numeracy strategies.
- 7 Invest in a range of high quality and impactful professional learning opportunities for staff.
- 8 Develop the use of management information further to include the development of the data dashboard and the routine use of automated, user-friendly, relevant and timely MIS reports, especially around actual withdrawals and learners at risk of withdrawal, to assist with early intervention and decision making.
- 9 Undertake a root and branch review of key college processes to ensure that they are fit for purpose and efficient.
- 10 Further develop and implement a cross-college staff wellbeing strategy.

Strategic Aim 2: Growing in size and reputation

Priorities for 2015 - 17

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- 11 Develop and resource a coherent marketing strategy including; digital media, sales, customer relationship and business development activities to raise awareness of the Warrington Collegiate brand, enhance our reputation and successfully meet funding targets and allocations in core funded (EFA, SFA and HEFCE) and commercially funded provision.
- 12 Improve College productivity and efficiency so that the College can achieve at least satisfactory (leading to good) financial health and re-invest in further growth opportunities.
- 13 Develop a distinct curriculum offer for school leavers (young people) which will secure growth in all EFA core funded provision and “hubs” in the following areas:
 - Creative, performing and digital arts
 - Science (and STEM)
 - Sport
 - A levels (possibly through WCET)
- 14 Where appropriate, replace perceived “low value” vocational provision with a technical curriculum offer from which young people and adults can progress onto higher technical qualifications.
- 15 Develop a distinct “higher technical” curriculum offer for adults through the expansion of Access to HE, higher level and graduate apprenticeships and HND/C and/or Foundation Degree programmes.
- 16 Secure funding to support the MADE proposal. Building on this, successfully bid with the University of Chester for National College status in logistics and distribution engineering.
- 17 Explore a closer, formal partnership with the University of Chester. Ensure our curriculum offer – for young people and adults - has carefully mapped progression opportunities onto higher-level qualifications with them, a “skills pipeline”, co-branded and marketed as such.
- 18 Secure capital funding to support curriculum growth (as above).
- 19 Stimulate investment from commercial partners, including franchise opportunities in service industries, who are committed to delivering successful collaborative and lucrative activity, enabling the college to meet growth and income targets.
- 20 Successfully deliver the Adult and Community Learning (ACL) Strategy “Resilience 2020” ensuring that ACL is characterised by excellent outcomes, progression and high levels of learner satisfaction.

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College Improvement Plan

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

FINANCIAL POSITION

Financial Results

The College generated an operating deficit of £847,000 on continuing activities, including exceptional redundancy costs of £446,000.

The College has accumulated reserves of £(2,977,000) and cash balances of £75,000 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 for its principal funding source, largely from recurrent grants. In 2014/15 the SFA provided 71.6% of the College's total income.

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

Treasury Policies and Objectives

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

The College has a separate treasury management policy in place.

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

Cash Flows

At £758,000(2013/14 £878,000 cash outflow), operating cash flow has improved compared to the previous year due to careful management of creditors.

Liquidity

During the year the College had an overdraft facility up to £500k.

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.

CURRENT AND FUTURE DEVELOPMENT AND PERFORMANCE

Student Numbers

In 2014/15 the College has delivered activity that has produced £12,300k in funding body main allocation funding (2013/14 - £14,948k). The College had 8,629 funded students, of which 3,207 were subcontracted, and approximately 2,439 non funded students. A further 330 students took out 24 plus study loans and an additional 500 were on HE programmes.

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Student Achievements

In 2014/15 the overall Classroom Based Learning success rate was 86.1%, an increase of 4% from 2013/14. Employer Responsive success rates were 63% for the overall completion of Apprenticeship programmes, an increase of 9% from 2013/14.

Post-balance Sheet Events

There was a breach of loan covenant at 31 July 2015. Credit committee approval has been obtained by Barclays Bank to waive the loan breach but this remains subject to final approval of the terms and a re-pricing of the loan facility. Credit committee approval has also been obtained by Barclays to provide a further bank loan of £250k repayable over 10 years. This remains subject to the final agreement of the terms by both parties.

The College has been granted exceptional short term financial support by the SFA in relation to their clawback of adult skills funding monies which were due to be repaid in full in January 2016. This will now be deferred with payments made equally in January, February and March 2016.

Future Developments

A key priority within the College's Improvement and Development Plan is to focus on the development of curriculum specialisms. During 14/15 strategies to grow logistics, passenger transport, enterprise and engineering have been 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 Post holders and Governors of the College. The Trust currently oversees two academies, Beamont Collegiate Academy and Future Tech Studio School.

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 £75,000 including endowments held in cash at the year-end date.

Financial

The College has £6.9 million of net assets (including £8.0 million pension liability) and bank loans of £5.1million all classified as due within one year. This movement has been caused by a breach of loan covenant relating to operational leverage and debt service cover. Barclays Bank's credit committee have approved a waiver which states that they will not be demanding immediate repayment of the loan. This is subject to final approval of the terms of the facility.

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People

The College employs 326 people (expressed as full time equivalents), of whom 241 are teaching staff.

Reputation

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

PRINCIPAL RISKS AND UNCERTAINTIES

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

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

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

1. Government Funding

The College has considerable reliance on continued government funding through the SFA/EFA and HEFCE. In 2014/15, 76.3% 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 College's Strategic Statement.

2. Tuition fee policy

Ministers have confirmed that the fee assumption remains at 50%. 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, Education sector funding bodies, Staff; local employers (with specific links), Local Authorities, Local

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Enterprise Partnerships (LEPs), the local community, other FE/HE institutions, Trade unions and professional bodies.

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

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 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 works proactively to reinforce the benefits of a diverse student-staff population, enhancing the learning process, the programmes offered and the local and regional impact and reputation of the College.

The College's 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 Equality Act 2010.

- The College rebuild, completed in 2007, was designed under Part M of Building Regulations to ensure full access and meet DDA requirements. A full access audit 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

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assist learners with learning impairments. Assistive technology is available in the LRC and in IT rooms.

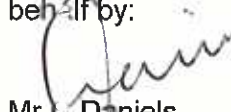
- Learning Facilitators are provided to assist all learners to access the full range of curriculum and to help them achieve their full potential. Staff development and specialist training is undertaken to ensure skills and qualifications are kept up to date.
- The Admissions Policy and Procedure including 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 Student Services. Students are made aware of these services through information at interview, on enrolment, on the Internet, Intranet, published materials, induction programme and the Learning mentor system.

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

Disclosure of Information to Auditors

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

Approved by order of the members of the Corporation on 18 December 2015 and signed on its behalf by:



Mr. Daniels
Chair

December 2015

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PROFESSIONAL ADVISERS

Financial Statement and Regularity

Grant Thornton UK LLP
Chartered Accountants, Registered Auditors
4 Hardman Square
Spinningfields
Manchester
M3 3EB

Internal Auditors

RSM
3 Hardman Street
Manchester
M3 3HF

Bankers

National Westminster Bank plc
PO Box 14
Sankey Street
Warrington
WA1 1XH

Solicitors

DWF LLP
1 Scott Place
2 Hardman Street
Manchester
M3 3AA

Barclays
1st Floor
3 Hardman Street
Spinningfields
Manchester
M3 3HF

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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)
- ii. in full accordance with the guidance to colleges from the Association of Colleges in The English Colleges' Foundation Code of Governance ("the Foundation Code"); and
- iii. having due regard to the UK Corporate Governance Code ("the Code") insofar as it is applicable to the further education sector

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

In the opinion of Governors, the College complies with all the provisions of the Foundation Code, and it has complied throughout the year ended 31 July 2015. The Governing Body recognises that, as a body entrusted with both public and private funds, it has a particular duty to observe the highest standards of corporate governance at all times. In carrying out its responsibilities, it takes full account of The English Colleges' Foundation Code of Governance issued by the Association of Colleges in December 2011, which it formally adopted on 4 July 2012, and the Audit and Accountability Annex to the Foundation Code that was issued in March 2013 and adopted by the College on 5 June 2013.

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

THE CORPORATION

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

Name	Date of Appointment	Term of Office	Date of Resignation	Status of Appointment	Committees Served	Attendance at Corporation Meetings
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: Senior Staff Salaries Finance, HR and Estates Search and Governance	94%
Mr R Andrew	5 Dec 2007 5 Dec 2011	4 years	9 Dec 2015	External Member	Chairman: Standards and Curriculum Finance, HR and Estates Senior Staff Salaries	100%
Mr D Ashton	5 Dec 2007 2 Dec 2009	2 years		Student Member	Standards and Curriculum Search and Governance	71%

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Name	Date of Appointment	Term of Office	Date of Resignation	Status of Appointment	Committees Served	Attendance at Corporation Meetings
	7 Dec 2011 9 Dec 2015	4 years		External Member	Standards and Curriculum Search and Governance	
Mr K Bland	9 Dec 1993 18 Mar 1998 20 Mar 2002 20 Mar 2006 20 Mar 2010 12 Mar 2014	4 years		External Member	Vice Chairman of the Corporation Chairman: Search and Governance Audit Committee Senior Staff Salaries	100%
Mr O Burton	11 Mar 2015	4 years		External Member	Audit Committee	33%
Mr P Fitzhenry	12 Mar 2014	4 years		External Member	Audit Committee	89%
Ms J Gifford	5 Dec 2012	4 years		Staff Member Business Support	Standards and Curriculum Search and Governance	86%
Mr P Hafren	1 Sept 2002		31 Dec 2014	Principal/Chief Executive	Finance, HR and Estates Search and Governance Standards and Curriculum	75%
Professor P L Harrop	10 Mar 2010 12 Mar 2014	4 years	31 July 2015	External Member	Standards and Curriculum	64%
Councillor J Joyce	6 Dec 2006 6 Dec 2010 4 Dec 2014	4 years		External Member	Vice Chairman: Finance, HR and Estates	70%
Ms G Lennon	11 Mar 2015	4 years		External Member	Finance, HR and Estates	100%
Mr E McCrudden	6 Dec 2004 6 Dec 2008 5 Dec 2012	4 years		External Member	Chairman: Finance, HR and Estates Senior Staff Salaries	10% (absence due serious illness)
Ms N Newton	17 Feb 2015	As long as in office		Principal/Chief Executive	Finance, HR and Estates Search and Governance Standards and Curriculum	100%
Mr A Quayyum	5 Dec 2012	4 years		External Member	Finance, HR and Estates (resigned) and became Chairman: Audit Committee	55%
Mr J Rigby	2 Dec 2009 3 Jul 2013	4 years	1 Jan 2015	External Member	Standards and Curriculum	80%
Mr D Shaw	3 July 2013	4 years		External Member	Audit Committee	80%
Ms J Stanton	15 Mar 2012	4 years	19 Jan 2015	External Member	Audit Committee Search and Governance	17%
Mr J Stapleton	12 Mar 2014	2 years	25 Feb 2015	Student Governor	Standards and Curriculum	17%
Ms A Viar	11 Mar 2015	2 years		Student Governor	Standards and Curriculum	25%
Ms P Wilkinson	12 Mar 2014	4 years	6 Mar 2015	External Member	Standards and	14%

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Name	Date of Appointment	Term of Office	Date of Resignation	Status of Appointment	Committees Served	Attendance at Corporation Meetings
					Curriculum	
Mr S Yorke	4 Dec 2013	4 years	2 Mar 2015	Staff Member Teaching Staff	Standards and Curriculum	28%
Mr F Hardman	4 Feb 2002			Clerk to the Corporation	All Committee meetings attended	100%

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

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

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

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 for inspection at the above address.

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

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

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

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

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 six 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.

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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 2015, the College's Senior Staff Salaries Committee comprised five Members. The Committee's responsibilities are to make recommendations to the Board on the remuneration and benefits of the Principal and other senior post holders.

Details of remuneration for the year ended 31 July 2015 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 with a particular emphasis on risk management.

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

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

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

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

INTERNAL CONTROL

Scope of Responsibility

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

The Corporation has delegated day-to-day responsibility to the Principal, as Accounting Officer, for maintaining a sound system of internal control that supports the achievement of the College's policies, aims and objectives whilst safeguarding the public funds and assets for which he is personally responsible in accordance with the responsibilities assigned to him in the Financial Memorandum between Warrington Collegiate and the Skills Funding Agency (SFA). She is also responsible for reporting to the Corporation any material weaknesses or breakdowns in internal control.

The Purpose of the System of Internal Control

The system of internal control is designed to manage risk to a reasonable level rather than to eliminate all risk of failure to achieve policies, aims and objectives; it can therefore only provide reasonable and not absolute assurance of effectiveness. The system of internal control is based on an on-going process designed to identify and prioritise the risks to the achievement of College policies, aims and objectives, to evaluate the likelihood of those risks being realised and

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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 2015 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 2015 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 EFA's and SFA's Joint Audit Code of Practice. The work of the internal audit service is informed by an analysis of the risks to which the College is exposed and annual internal audit plans are based on this analysis. The analysis of risks and the internal audit plans are endorsed by the Corporation on the recommendation of the Audit Committee. At minimum, annually, the Head of Internal Audit provides the Corporation with a report on internal audit activity in the College. The report includes the Head of Internal Audit's independent opinion on the adequacy and effectiveness of the College's system of risk management controls and governance processes.

Review of Effectiveness

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

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

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

The Principal and senior management team receives reports setting out key performance and risk indicators and considers possible control issues brought to their attention by early warning mechanisms, which are embedded within the departments and reinforced by risk awareness training. The Principal and senior management team and the Audit Committee also receive

WARRINGTON COLLEGIATE

STATEMENT OF CORPORATE GOVERNANCE AND INTERNAL CONTROL

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 2015 meeting, the Corporation carried out the annual assessment for the year ended 31 July 2015 by considering documentation from the senior management team and internal audit, and taking account of events since 31 July 2015.

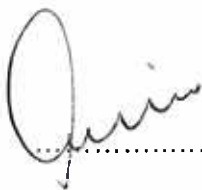
Based on the advice of the Audit Committee and the Principal, the Corporation is of the opinion that the College has an adequate and effective framework for governance, risk management and control, and has fulfilled its statutory responsibility for "the effective and efficient use of resources, the solvency 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 it continues to adopt the going concern basis in preparing the financial statements. The assessment made regarding Going Concern is set out on page 26.

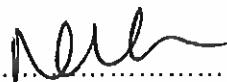
Approved by order of the members of the Corporation on 18 December 2015 and signed on its behalf by:

Signed



Date: 18 December 2015
Colin Daniels, Chair

Signed



Date: 18 December 2015
Nichola Newton, Accounting Officer

WARRINGTON COLLEGIATE

GOVERNING BODY'S statement on the College's regularity, propriety and compliance with Funding body terms and conditions of funding

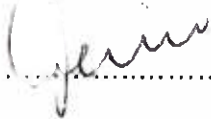
The Corporation has considered its responsibility to notify the Skills Funding Agency of material irregularity, impropriety and non-compliance with Skills Funding Agency terms and conditions of funding, under the financial memorandum in place between the College and the Skills Funding Agency. As part of our consideration we have had due regard to the requirements of the financial memorandum.

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

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

Approved by order of the members of the Corporation on 18 December 2015 and signed on its behalf by:

Signed



Date: 18 December 2015
Colin Daniels, Chair

Signed



Date: 18 December 2015
Nichola Newton, Accounting Officer

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 for 2014/15 financial statements issued jointly by the Skills Funding Agency and the EFA, and which gives a true and fair view of the state of affairs of the College and the result for that year.

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

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

The Corporation is also required to prepare 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:

Colin Daniels, Chair

Date: 18 December 2015

WARRINGTON COLLEGIATE

INDEPENDENT AUDITOR'S REPORT TO THE CORPORATION OF WARRINGTON COLLEGIATE

We have audited the financial statements of Warrington Collegiate for the year ended 31 July 2015 which comprise the income and expenditure account, the note of historical cost surpluses and deficits, the statement of total recognised gains and losses, the balance sheet, the cash flow statement and the related notes. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

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

Respective responsibilities of the Corporation and auditor

As explained more fully in the Statement Responsibilities of the Corporation set out on page 18, the College's Corporation is responsible for the preparation of financial statements which give a true and fair view. Our responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's Ethical Standards for Auditors.

Scope of the audit of the financial statements

A description of the scope of an audit of financial statements is provided on the Financial Reporting Council's website at www.frc.org.uk/auditscopeukprivate.

Opinion on 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 2015 and of its deficit of income over expenditure for the year then ended in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the 2007 Statement of Recommended Practice – Accounting for Further and Higher Education Institutions.

Matters on which we are required to report by exception

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

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

Grant Thornton UK LLP

Grant Thornton UK LLP
Statutory Auditor, Chartered Accountants
Manchester

21 December 2015

WARRINGTON COLLEGIATE

INCOME AND EXPENDITURE ACCOUNT

For the year ended 31 July 2015

	Notes	2015 £'000	2014 £'000
INCOME			
Funding Body Grants	2	14,389	15,001
Tuition fees and education contracts	3	2,492	2,251
Other income	4	971	1,452
Endowment and investment income	5	999	948
TOTAL INCOME		18,851	19,652
EXPENDITURE			
Staff costs	6	10,981	12,898
Exceptional restructuring costs	6	446	62
Other operating expenses	8	5,778	4,813
Exceptional legal and judgement costs	8	-	56
Depreciation	12	1,131	1,222
Interest and other finance costs	9	1,362	1,390
TOTAL EXPENDITURE		19,698	20,441
Deficit on continuing operations after depreciation of tangible fixed assets at valuation and before exceptional items and tax		(847)	(789)
Deficit on continuing operations after depreciation of assets at valuation and exceptional items but before tax		(847)	(789)
Taxation	10	-	-
Deficit on continuing operations after depreciation of assets at valuation, exceptional items and tax	11	(847)	(789)
Deficit for the year retained within general reserves		(847)	(789)

The income and expenditure account is in respect of continuing activities.

The accompanying notes form part of these financial statements.

WARRINGTON COLLEGIATE

NOTE OF HISTORICAL COST SURPLUSES AND DEFICITS For the year ended 31 July 2015

	Notes	2015 £'000	2014 £'000
Deficit on continuing operations before taxation		(847)	(789)
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		(847)	(789)
HISTORICAL COST DEFICIT FOR THE YEAR AFTER TAXATION		(847)	(789)

The accompanying notes form part of these financial statements.

WARRINGTON COLLEGIATE

STATEMENT OF TOTAL RECOGNISED GAINS AND LOSSES For the year ended 31 July 2015

	Notes	2015 £'000	2014 £'000
Deficit on continuing operations after depreciation of assets at valuation and disposal of assets and tax		(847)	(789)
Actuarial (loss)/gain in respect of pension scheme	19/32	(880)	183
TOTAL RECOGNISED LOSSES RELATING TO THE YEAR		(1,727)	(606)
RECONCILIATION			
Opening reserves		(1,250)	(644)
Total recognised losses for the year		(1,727)	(606)
CLOSING RESERVES		(2,977)	(1,250)

The accompanying notes form part of these financial statements.

WARRINGTON COLLEGIATE

BALANCE SHEET As at 31 July 2015

	Notes	2015 £'000	2014 £'000
FIXED ASSETS			
Tangible assets	12	22,568	23,320
Investments	13	100	100
TOTAL FIXED ASSETS		22,668	23,420
Endowment Assets - Permanent	14	39	41
CURRENT ASSETS			
Stock		8	18
Debtors	15	1,243	2,616
Cash at bank and in hand		36	159
Total Current Assets		1,287	2,793
Less: Creditors - amounts falling due within one year	16	(8,335)	(3,722)
NET CURRENT LIABILITIES		(7,048)	(929)
TOTAL ASSETS LESS CURRENT LIABILITIES		15,659	22,532
Less: Creditors - amounts falling due after more than one year	17	(57)	(5,050)
Less: Provisions for Liabilities	19	(728)	(725)
NET ASSETS EXCLUDING PENSION LIABILITY		14,874	16,757
NET PENSION LIABILITY	32	(8,012)	(7,786)
NET ASSETS INCLUDING PENSION LIABILITY		6,862	8,971

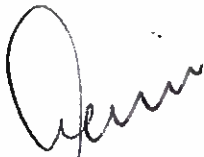
WARRINGTON COLLEGIATE

BALANCE SHEET (continued)

As at 31 July 2015

	Notes	2015 £'000	2014 £'000
DEFERRED CAPITAL GRANTS	20	9,800	10,180
ENDOWMENTS			
Permanent endowments	21	39	41
RESERVES			
Income and expenditure account excluding pension reserve	23	4,168	5,669
Pension reserve	32	<u>(8,012)</u>	<u>(7,786)</u>
Income and expenditure account including pension reserve	23	(3,844)	(2,117)
Revaluation reserve	22	867	867
TOTAL RESERVES		<u>(2,977)</u>	<u>(1,250)</u>
TOTAL FUNDS		<u>6,862</u>	<u>8,971</u>

The financial statements on pages 20 to 52 were approved and authorised for issue by the Corporation on 18 December 2015 and were signed on its behalf by:


- Mr. C Daniels
- Chair



- Nichola Newton
- Accounting Officer

The accompanying notes from part of the financial statements

WARRINGTON COLLEGIATE

CASH FLOW STATEMENT

For the year ended 31 July 2015

	Notes	2015 £'000	2014 £'000
CASH INFLOW /(OUTFLOW) FROM OPERATING ACTIVITIES	24	847	(878)
Returns on investments and servicing of finance	25	(308)	(274)
Taxation	10	-	-
Capital expenditure and financial investment	26	(267)	(373)
Cash inflow/(outflow) before use of liquid resources and financing		272	(1,525)
Management of liquid resources	27	-	-
Financing	28	(395)	1,116
DECREASE IN CASH IN THE YEAR	29	(123)	(409)
RECONCILIATION OF NET CASH FLOW TO MOVEMENT IN NET DEBT			
Decrease in cash in the year	29	(123)	(409)
Change in net funds resulting from cash flows	29	361	(1,136)
Cash inflow from increase in lease financing	29	31	20
New finance leases	29	(112)	-
Movement in net debt in the year		157	(1,525)
Net Debt at 1 August		(5,289)	(3,764)
NET DEBT AT 31 JULY	29	(5,132)	(5,289)

The accompanying notes form part of the financial statements.

WARRINGTON COLLEGIATE

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 July 2015

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 2014-15 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 financial statements have been prepared on the going concern basis, which the Corporation believes to be appropriate on the basis set out below.

The College has faced a challenging cash position over the financial year, which has been addressed by a significant restructuring programme to ensure necessary savings are made taking into account the assumptions around further funding reductions.

The College has worked with Barclays and have credit committee approval for an additional £250k loan facility, subject to final agreement of terms, and also with the SFA to grant short term exceptional financial support whereby the clawback of funding will be repaid by 31 March 2016 rather than January 2016.

As detailed at note 18, the College currently has £5,074k of loans outstanding with Barclays Bank, which has been wholly classified as due within one year in line with Financial Reporting Standards due to a technical breach of covenants as at 31 July 2015.

Barclays' credit committee have approved the waiver their of immediate repayment subject to final agreement of the terms of the new loan and a re-pricing of the loan facility.

Based on these financing arrangements the Corporation therefore believes it is appropriate to prepare the financial statements on a going concern basis.

BASIS OF CONSOLIDATION

The financial statements present information about the college as an individual undertaking and not about its group, as the college has taken advantage of the exemption provided by section 48 of the SORP. The subsidiaries have been excluded from consolidation on the grounds that they are immaterial. In accordance with FRS2, the activities of the student union have not been consolidated because the College does not control those activities. All financial statements are made up to 31 July 2015.

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.

WARRINGTON COLLEGIATE

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 July 2015

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 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.

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).

Contributions to the TPS are calculated so as to spread the cost of pensions over employees' working lives with the College in such a way that the pension cost is a substantially level percentage of current and future pensionable payroll. The contributions are determined by qualified actuaries on the basis of 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 assets of the LGPS are measured using closing market values. LGPS liabilities are measured using the projected unit method and discounted at the current rate of return on a high quality corporate bond of equivalent term and currency to the liability. The increase in the present value of the liabilities of the scheme expected to arise from employee service in the period is charged to the operating surplus. The expected return on the scheme's assets and the increase during the period in the present value of the scheme's liabilities, arising from the passage of time, are included in pension finance costs. Actuarial gains and losses are recognised in the statement of total recognised gains and losses.

WARRINGTON COLLEGIATE

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 July 2015

ENHANCED PENSIONS

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

TANGIBLE FIXED ASSETS

LAND AND BUILDINGS

Freehold buildings are depreciated over their expected useful economic life to the College; this is normally between 20 and 50 years. Freehold land is not depreciated. Buildings fixtures have been separately identified and are now recognised as an asset class in their own right.

Land and Buildings inherited from the Local Education Authority are stated in the balance sheet at valuation on the basis of depreciated replacement cost as the open market value for existing use is not readily obtainable. The associated credit is included in the revaluation reserve. The difference between depreciation charged on the historic cost of assets and the actual charge for the year calculated on the revalued amount is released to the income and expenditure account on an annual basis.

Where land and buildings are acquired with the aid of specific grants, they are capitalised and depreciated as above. The related grants are credited to a deferred capital grant account and are released to the income and expenditure account over the expected useful economic life of the related asset on a basis consistent with the depreciation policy.

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

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

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

Subsequent expenditure on existing fixed assets

Where significant expenditure is incurred on tangible fixed assets it is charged to the income and expenditure account in the period it is incurred, unless it meets one of the following criteria, in which case it is capitalised and depreciated on the relevant basis:

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

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:

WARRINGTON COLLEGIATE

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 July 2015

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

No depreciation charge is charged in the year of acquisition.

Where fixtures and equipment is acquired with the aid of specific grants, it is capitalised and depreciated in accordance with the above policy, with the related grant being credited to a deferred capital grant account and released to the income and expenditure account over the expected useful economic life of the related equipment.

LEASED ASSETS

Costs in respect of operating leases are charged on a straight-line basis over the lease term.

Leasing agreements which transfer to the College substantially all the benefits and risks of ownership of an asset are treated as if the asset had been purchased outright. The assets are included in fixed assets and the capital elements of the leasing commitments are shown as obligations under finance leases. The lease rentals are treated as consisting of capital and interest elements.

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

INVESTMENTS AND ENDOWMENT ASSETS

Listed investments held as fixed assets or endowment assets are stated at market value.

Current asset investments, which may include listed investments, are stated at the lower of their cost and net realisable value.

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

WARRINGTON COLLEGIATE

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 July 2015

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 to students are excluded from the Income and Expenditure account and are shown separately in note 38, except for the 5 per cent of the grant received which is available to the College to cover administration costs relating to the grant. The College employs one member of staff dedicated to the administration of Learner Support Fund applications and payments.

WARRINGTON COLLEGIATE

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 July 2015

2 FUNDING BODY GRANTS

	2015 £'000	2014 £'000
Recurrent grant – SFA/EFA	11,844	14,155
Recurrent grant – HEFCE	456	397
Recurrent grant – Construction Skills	61	60
Non-recurrent grant – SFA	1,648	0
Releases of deferred capital grants (note 20)	380	389
Total	14,389	15,001

3 TUITION FEES AND EDUCATION CONTRACTS

	2015 £'000	2014 £'000
Tuition fees	2,448	2,184
Education contracts	44	67
Total	2,492	2,251

4 OTHER INCOME

	2015 £'000	2014 £'000
Catering income	289	236
Projects income	34	180
Conferencing and facilities income	6	8
Other miscellaneous income	642	1,028
Total	971	1,452

5 ENDOWMENT AND INVESTMENT INCOME

	2015 £'000	2014 £'000
Other interest receivable	-	1
Pension Finance Income (note 32)	999	947
Total	999	948

WARRINGTON COLLEGIATE

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 July 2015

6 STAFF COSTS

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

	2015 No.	2014 No.
Teaching staff	241	258
Non-teaching staff	85	90
	<u>326</u>	<u>348</u>
Staff costs for the above persons		
	2015 £'000	2014 £'000
Wages and salaries	9,199	9,793
Social security costs	603	660
Other pension costs (including FRS 17 adjustments of £629,000 – 2014 £(636,000))	997	2,083
	<u>10,799</u>	<u>12,536</u>
Payroll sub total		
Contracted out staffing services	182	362
	<u>10,981</u>	<u>12,898</u>
Exceptional restructuring costs	446	62
	<u>11,427</u>	<u>12,960</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	
	2015 No.	2014 No.	2015 No.	2014 No.
£60,001 to £70,000	1	1	-	-
£70,001 to £80,000	-	-	-	-
£80,001 to £90,000	1	-	-	-
£90,001 to £100,000	1	2	-	-
£100,001 to 110,000	-	-	-	-
£110,001 +	1*	1	-	-
	<u>4</u>	<u>4</u>	<u>-</u>	<u>-</u>

No pay award was made in the year ended 31 July 2015. *There was a change in Principal in year.

WARRINGTON COLLEGIATE

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 July 2015

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.

	2015 No.	2014 No.
The number of senior post-holders including the Principal was:	4	4

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

	2015 £'000	2014 £'000
Salaries	356	357
Benefits in kind	-	-
Pension contributions	60	61
Total emoluments	416	418

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

Principal to 31.12.14	2015 £'000	2014 £'000
Salaries	52	124
Benefits in kind	-	-
	52	124
Pension contributions	7	18
Principal from 17.2.15	2015 £'000	2014 £'000
Salaries	56	-
Benefits in kind	-	-
	56	-
Pension contributions	8	-

WARRINGTON COLLEGIATE

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 July 2015

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.

Details of payments to members of the Corporation are stated in note 37.

8 OTHER OPERATING EXPENSES

	2015 £'000	2014 £'000
Teaching costs	3,898	2,998
Non-teaching costs	908	854
Premises costs	972	961
Total	5,778	4,813
Exceptional legal and judgement costs	-	56

Deficit on continuing operations is stated after charging:

	2015 £'000	2014 £'000
Auditors' remuneration:		
Financial statements audit	24	23
Internal audit	19	19
Other services provided by the financial statements auditors	28	-
Other services provided by the internal auditors	5	5
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

	2015 £'000	2014 £'000
On bank loans, overdrafts and other loans:		
Repayable wholly or partly in more than 5 years	302	275
Pension finance costs (notes 19 and 32)	1,054	1,115
On finance leases	6	-
Total	1,362	1,390

WARRINGTON COLLEGIATE
NOTES TO THE FINANCIAL STATEMENTS
For the year ended 31 July 2015

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 ON CONTINUING OPERATIONS FOR THE YEAR

The deficit on continuing operations for the year is made up as follows:

	2015	2014
	£'000	£'000
Underlying operating (deficit)	(1,476)	(99)
FRS17 Pension impact	629	(634)
Exceptional Legal and Judgement Costs for Carillion	-	(56)
College's deficit for the year	(847)	(789)

12 TANGIBLE FIXED ASSETS

	Land & Buildings	Equipment	Total
	Freehold	Fixtures	
	£'000	£'000	£'000
Cost or valuation			
At 1 August 2014	27,239	1,597	31,787
Additions	-	66	379
Disposals	-	-	-
At 31 July 2015	27,239	1,663	32,166
Depreciation			
At 1 August 2014	5,284	1,141	8,467
Charge for the year	666	164	1,131
Elimination in respect of disposals	-	-	-
At 31 July 2015	5,950	1,305	9,598
Net book value at 31 July 2015	21,289	358	22,568
Net book value at 31 July 2014	21,955	456	23,320

WARRINGTON COLLEGIATE

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 July 2015

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 £22,569k 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 £1,120k (2013/14 £1,172k).

Land and buildings include £216k 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 (2013/14 £5,786).

The net book value of tangible fixed assets in relation to equipment includes an amount of £100,477 (2013/14 £33) in respect of assets held under finance leases. The depreciation charge on these assets for the year was £nil (2013/14 £55,523).

13 INVESTMENTS

	2015 £'000	2014 £'000
Investments in subsidiary companies	100	100

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

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

14 ENDOWMENT ASSETS

	2015 £'000	2014 £'000
Balance at 1 August 2014	41	41
Disposals	(2)	-
Balance at 31 July 2015	39	41
Represented by:		
Cash balances (note 29)	39	41

WARRINGTON COLLEGIATE
NOTES TO THE FINANCIAL STATEMENTS
For the year ended 31 July 2015

15 DEBTORS

	2015	2014
	£'000	£'000
Amounts falling due within one year		
Trade debtors	407	596
Prepayments and accrued income	406	1,639
Other debtors	7	4
Amounts owed by the Skills Funding Agency	423	377
Total	1,243	2,616
Amounts falling due after more than one year		
Other debtors	-	-
Total	1,243	2,616

16 CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	2015	2014
	£'000	£'000
Bank loans and overdrafts (note 18)	5,074	221
Obligations under finance leases	24	-
Payments received in advance	118	210
Trade creditors	1,060	1,298
Amounts owed to group undertakings:		
Subsidiary undertakings	100	100
Corporation tax	-	-
Other taxation and social security	366	955
Accruals	1,001	516
Amounts owed to the Skills Funding Agency	386	39
Other creditors	206	383
	8,335	3,722

17 CREDITORS: AMOUNTS FALLING DUE AFTER MORE THAN ONE YEAR

	2015	2014
	£'000	£'000
Bank loans (note 18)	-	4,997
Obligations under finance leases	57	-
Lennartz VAT Creditor	-	53
	57	5,050

WARRINGTON COLLEGIATE

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 July 2015

18 BORROWINGS

	2015 £'000	2014 £'000
Bank loans and overdrafts		
Bank loans and overdrafts are repayable as follows:		
In one year or less	5,074	221
Between one and two years	-	298
Between two and five years	-	952
In five years or more	-	3,747
Total	5,074	5,218

Bank loans, at a rate comprising 4.96% fixed rate, and a 1.85% fixed margin and payable by installments falling due between 1 August 2010 and 28 February 2031, totaling £3,842,583 are secured on the freehold land and buildings of the College. The loan is shown as due within one year due to the covenant breach, but Barclays' credit committee has approved a waiver of the right to immediate repayment, subject to final approval of the terms of the facility including a re-pricing.

Finance Leases

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

	2015 £'000	2014 £'000
In one year or less	24	-
Between one and two years	28	-
Between two and five years	29	-
In five years or more	-	-
Total	81	-

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

WARRINGTON COLLEGIATE

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 July 2015

Lennartz VAT

The repayments of the Lennartz VAT creditor to which the College is committed are:

	2015 £'000	2014 £'000
In one year or less	52	218
Between one and two years	-	53
Between two and five years	-	-
In five years or more	-	-
Total	52	271

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

19 PROVISIONS FOR LIABILITIES AND CHARGES

	Enhanced Pensions £'000
At 1 August 2014	725
Expenditure in the period	(22)
Charge to STRGL	25
At 31 July 2015	728

The enhanced pension provision relates to the cost of staff that have already left the College's employment. This provision has been recalculated in accordance with the guidance issued by the funding bodies.

The principal assumptions for this calculation are:

	2015	2014
Price inflation	3.46%	4.06%
Discount rate	1.75%	2.50%

WARRINGTON COLLEGIATE

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 July 2015

20 DEFERRED CAPITAL GRANTS

	Funding Body £'000	Other grants £'000	Total £'000
At 1 August 2014			
Land and buildings	6,138	3,757	9,895
Equipment	162	123	285
 New grants received in the year: Receipts SFA	 -	 -	 -
 Released to income and expenditure account			
Land and buildings	(191)	(119)	(310)
Equipment	(63)	(7)	(70)
At 31 July 2015			
Land and buildings	5,947	3,638	9,585
Equipment	99	116	215
 Total	 6,046	 3,754	 9,800

21 ENDOWMENTS

	2015 £'000	2014 £'000
At 1 August 2014	41	41
Expenditure for year	(2)	-
At 31 July 2015	39	41

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

22 REVALUATION RESERVE

	2015 £'000	2014 £'000
At 1 August 2014	867	867
Revaluations in the year	-	-
At 31 July 2015	867	867

WARRINGTON COLLEGIATE
NOTES TO THE FINANCIAL STATEMENTS
For the year ended 31 July 2015

23 MOVEMENT ON GENERAL RESERVES

	2015	2014
	£'000	£'000
Income and Expenditure Account reserve		
At 1 August	(2,117)	(1,511)
Deficit sustained for the year	(847)	(789)
Actuarial (loss)/gains in respect of pension scheme	(880)	183
At 31 July 2015	(3,844)	(2,117)
Balance represented by:		
Pension reserve	(8,012)	(7,786)
Income and expenditure account reserve excluding pension reserve	4,168	5,669
At 31 July 2015	(3,844)	(2,117)

24 RECONCILIATION OF OPERATING DEFICIT TO NET CASH INFLOW/ (OUTFLOW) FROM OPERATING ACTIVITIES

	2015	2014
	£'000	£'000
Deficit on continuing operations after depreciation of assets at valuation	(847)	(789)
Depreciation (note 12)	1,131	1,222
Deferred capital grants released to income (note 20)	(380)	(389)
Interest payable (note 9)	308	275
Decrease/(Increase) in stock	10	(18)
Decrease/(Increase) in debtors	1,373	(1,138)
(Decrease) in creditors	(123)	(615)
Increase/(Decrease) in provisions	3	(59)
Interest receivable (note 5)	-	(1)
FRS17 pension cost less contributions payable	(656)	466
FRS 17 pension finance charge	27	168
Net cash inflow/(outflow)from operating activities	846	(878)

WARRINGTON COLLEGIATE

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 July 2015

25 RETURNS ON INVESTMENTS AND SERVICING OF FINANCE

	2015 £'000	2014 £'000
Other interest received	-	1
Interest paid	(302)	(275)
Interest element of finance lease rental payment	(6)	-
Net cash outflow from returns on investment and servicing of finance	(308)	(274)

26 CAPITAL EXPENDITURE AND FINANCIAL INVESTMENT

	2015 £'000	2014 £'000
Purchase of tangible fixed assets	(267)	(396)
Deferred capital grants received	-	23
Net cash outflow from capital expenditure and financial investment	(267)	(373)

27 MANAGEMENT OF LIQUID RESOURCES

	2015 £'000	2014 £'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

	2015 £'000	2014 £'000
Debt due:		
New loans taken out	-	1,500
Repayment of amounts borrowed	(144)	(143)
Capital element of finance lease rental payments	(31)	(20)
Repayment of Lennartz creditor	(219)	(221)
Net cash inflow/(outflow) from financing	(395)	1,116

WARRINGTON COLLEGIATE

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 July 2015

29 ANALYSIS OF CHANGE IN NET FUNDS

	At 1 August 2014 £'000	Cashflows £'000	Other Changes £'000	At 31 July 2015 £'000
Cash in hand, and at bank	159	(123)	-	36
Endowment asset investments (note 14)	41	(2)	-	39
	200	(125)	-	75
Debt due within 1 year	(221)	144	(4,997)	(5,074)
Debt due after 1 year	(4,997)	-	4,997	-
Finance leases	-	31	(112)	(81)
Lennartz VAT	(271)	219	-	(52)
				-
Total	(5,289)	269	(112)	(5,132)

30 CASHFLOW RELATING TO EXCEPTIONAL ITEMS

During the year there have been cash flows of £nil (2014: £56,204) due to exceptional Carillion Judgement and Legal costs).

31 MAJOR NON-CASH TRANSACTIONS

During the year the provision for future pension costs have increased due to an actuarial loss of £880,000 (2014: £183,000 gain), comprising a £855,000 loss (2014: £239,000 gain) in relation to FRS17 and £25,000 loss (2014: £56,000 loss) relating to the Enhanced Pensions.

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.

WARRINGTON COLLEGIATE

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 July 2015

	2015	2014
	£'000	£'000
Total pension cost for the year		
Teachers Pension Scheme: contributions paid	692	743
Local Government Pension Scheme:		
Contributions paid	934	706
Adjustment	(629)	634
Charge to the Income and Expenditure Account (staff costs)	305	1,340
Pension Interest Charge		
Enhanced pension charge to Income and Expenditure Account	-	-
Total pension cost for year	997	2,083

The pension costs are assessed in accordance with the advice of independent qualified actuaries. The latest formal actuarial valuation of the TPS was at 31 March 2012 and for the LGPS 31 March 2013.

There were no prepaid contributions at either the beginning or the end of the financial year. Contributions amounting to £188k (2014 - £755k) were payable to the scheme at 31 July and are included within creditors.

WARRINGTON COLLEGIATE

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 July 2015

32. PENSIONS AND SIMILAR OBLIGATIONS (continued)

Teachers' Pension Scheme

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

The Teachers' Pension Budgeting and Valuation Account

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

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

Valuation of the Teachers' Pension Scheme

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

- employer contribution rates were set at 16.4% of pensionable pay;
- total scheme liabilities for service to the effective date of £191.5 billion, and notional assets of £176.6 billion, giving a notional past service deficit of £14.9 billion;
- an employer cost cap of 10.9% of pensionable pay.

The new employer contribution rate for the TPS will be implemented in September 2015.

A full copy of the valuation report and supporting documentation can be found on the Teachers' Pension Scheme website at the following location:

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

Scheme Changes

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

WARRINGTON COLLEGIATE

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 July 2015

32. PENSIONS AND SIMILAR OBLIGATIONS (continued)

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

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

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

The pension costs paid to TPS in the year amounted to £692,000 (2014: £743,000).

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 2015 was £1,275k of which employers contributions totaled £934k and employee's contributions totaled £341k. The agreed contribution rates for future years are 27.6% for employers and range from 5.5% and 12.5% for employees, depending on salary.

FRS 17

Principal Actuarial Assumptions	At 31 July 2015	At 31 July 2014
Rate of increase in salaries	3.5%	3.5%
Rate of increase for pensions in payment / inflation	2.6%	2.7%
Discount rate for scheme liabilities	3.6%	4.0%
Inflation Assumption (CPI)	2.5%	2.5%
Commutation of pensions to lump sums	50%	50%

WARRINGTON COLLEGIATE
NOTES TO THE FINANCIAL STATEMENTS
For the year ended 31 July 2015

32 PENSIONS AND SIMILAR OBLIGATIONS (continued)

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

	At 31 July 2015	At 31 July 2014
<i>Retiring today/current pensioners</i>		
Males	22.30	22.30
Females	24.40	24.40
<i>Retiring in 20 years/future pensioners</i>		
Males	24.10	24.10
Females	26.70	26.70

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

	Expected rate of return at 31 July 2015	Fair Value at 31 July 2015	Expected rate of return at 31 July 2014	Fair Value at 31 July 2014
		£'000		£'000
Equities	6.6%	10,167	6.6%	10,551
Bonds	3.8%	8,299	3.8%	3,517
Property	4.7%	1,867	4.7%	1,231
Cash	3.6%	415	3.6%	2,286
Total market value of assets		20,748		17,585
Present value of scheme liabilities				
- Funded		(28,760)		(25,371)
- Unfunded		-		-
Related deferred tax liability		-		-
Deficit in the scheme		(8,012)		(7,786)

WARRINGTON COLLEGIATE
NOTES TO THE FINANCIAL STATEMENTS
For the year ended 31 July 2015

32. PENSIONS AND SIMILAR OBLIGATIONS (continued)

Amounts recognised in the income and expenditure account

	2015	2014
	£'000	£'000
Current service cost (net of employee contributions)	831	840
Past service cost	-	-
Total operating charge	831	840

Analysis of pension finance income / (costs)

Expected return on pension scheme assets	999	947
Interest on pension liabilities	(1,026)	(1,115)
Pension finance costs	(27)	(168)

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

	2015	2014
	£'000	£'000
Actuarial gains on pension scheme assets	923	65
Actuarial (losses)/ gains on scheme liabilities	(1,778)	174
Actuarial (loss)/gain recognised in STRGL	(855)	239

Cumulative actuarial gains and losses	<u>(3,110)</u>	<u>(2,255)</u>
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WARRINGTON COLLEGIATE
NOTES TO THE FINANCIAL STATEMENTS
For the year ended 31 July 2015

32 PENSIONS AND SIMILAR OBLIGATIONS (continued)

Movement in the present value of defined benefit obligations were as follows:

	2015	2014
	£'000	£'000
At 1 August	25,371	24,069
Current Service cost	831	840
Interest cost (Note 9)	1,026	1,115
Employee contributions	341	94
Actuarial loss/(gain)	1,778	(174)
Benefits paid	(587)	(573)
Curtailments and settlements	-	-
At 31 July	28,760	25,371

Movement in the fair value of College's share of scheme assets

At 1 August	17,585	16,678
Expected return on assets	999	947
Actuarial gain/(loss)	923	65
Employer contributions	1,487	374
Employee contributions	341	94
Benefits paid	(587)	(573)
At 31 July	20,748	17,585

The estimated value of employer contributions for the year ended 31st July 2016 will be approximately £965,000.

The actual return on the scheme assets over the year ended 31 July 2015 was £1,921,000 (2014: £1,434,000).

WARRINGTON COLLEGIATE
NOTES TO THE FINANCIAL STATEMENTS
For the year ended 31 July 2015

32 PENSIONS AND SIMILAR OBLIGATIONS (continued)

	2015	2014	2013	2012	2011
	£'000	£'000	£'000	£'000	£'000
History of experience gains and losses					
Difference between the expected and actual return on assets: amount £'000	923	65	1,798	(402)	398
Value of assets	20,748	17,585	16,678	13,739	12,748
% of scheme assets	4.45%	0.37%	10.78%	-2.93%	3.1%
Experience gains and losses on scheme liabilities: amount £'000	214	11	-	(271)	1,836
Value of liabilities	28,760	25,371	24,069	22,245	18,092
% of scheme liabilities	0.74%	0.04%	0%	-1.20%	10.1%
Total amount recognised in STRGL amount £'000	(855)	(239)	(1,249)	(3,209)	2,550
	28,760	25,371	24,069	22,245	18,092
% of scheme liabilities	(2.97%)	(0.9%)	(5.2%)	(14.4%)	14.1%
Present value of funded obligations	28,760	(25,371)	(24,069)	(22,245)	(18,092)
Fair value of scheme assets	20,748	17,585	16,678	13,739	12,748

33 POST BALANCE SHEET EVENTS

There have been no significant post balance sheet events.

34 CAPITAL COMMITMENTS

	2015	2014
	£'000	£'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 2015

35 FINANCIAL COMMITMENTS

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

	2015 £'000	2014 £'000
Land and Buildings		
Expiring within one year	-	-
Expiring within two and five years inclusive	-	-
Expiring in over five years	-	-
	-	-
Other		
Expiring within one year	34	34
Expiring between two and five years inclusive	-	-
Expiring in over five years	-	-
	34	34

36 CONTINGENT LIABILITY

There are no contingent liabilities at the year end (31 July 2014: £nil).

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.

No Governor has received any remuneration or expenses from the College or its subsidiaries during the year except the Principal as stated in note 7 (2014: None).

Transactions with the SFA and its successor organisations and HEFCE are detailed in notes 2, 15, 16 and 20.

During the year Warrington Collegiate purchased goods and services on behalf of and provided services to Warrington Collegiate Education Trust ('WCET') with a total value of £95,821 (2014: £221,214). The balance outstanding at 31st July 2015 was £4,680 (2014: £nil). In addition WCET has purchased goods on behalf of Warrington Collegiate to the value of £70,397 (2014: £nil). The balance outstanding at 31 July 2015 was £7,667 (2014: £nil).

Goods and services were purchased on behalf of Beamont Collegiate Academy to the value of £39,290 (2014: £nil). The balance outstanding at 31 July 2015 was £15,245 (2014: £nil).

WARRINGTON COLLEGIATE

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 July 2015

37 RELATED PARTY TRANSACTIONS (CONTINUED)

Goods were purchased on behalf of Future Tech Studio to the value of £139,637 (2014: £nil). The balance outstanding at 31 July 2015 was £32,969 (2014: £nil). Future Tech Studio purchased items on behalf of the College for £630 which was still outstanding at 31 July 2015.

Beamont Collegiate Academy provides rental of sports facilities to Warrington Collegiate under lease agreement where costs are shared. The total amount invoiced for this service during the year was £18,096 (2014: £26,240) and £4,524 was outstanding at 31 July 2015 (2014: £13,572)

Warrington Collegiate is the sponsor of Warrington Collegiate Education Trust. Beamont Collegiate Academy and Future Tech Studio are member schools of the Warrington Collegiate Education Trust.

38 AMOUNTS DISPERSED AS AGENTS

DISCRETIONARY SUPPORT FUNDS

	2015 £'000	2014 £'000
Funding body grants – hardship support	396	385
Funding body grants – childcare support	248	225
Funding body grants – residential bursaries	-	42
Other Funding bodies grants	43	41
Interest earned	-	-
	<u>687</u>	<u>693</u>
Disbursed to students	(563)	(570)
Administration costs	(29)	(29)
	<u>95</u>	<u>94</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

REPORTING ACCOUNTANT'S ASSURANCE REPORT ON REGULARITY

TO THE CORPORATION OF WARRINGTON COLLEGIATE ('THE CORPORATION') AND
THE SECRETARY OF STATE FOR BUSINESS, INNOVATION AND SKILLS ACTING
THROUGH SKILLS FUNDING AGENCY

In accordance with the terms of our engagement letter dated 29th September 2015 and further to the requirements of the financial memorandum with Skills Funding Agency we have carried out an engagement to obtain limited assurance about whether anything has come to our attention that would suggest that, in all material respects, the expenditure disbursed and income received by Warrington Collegiate during the period 1 August 2014 to 31 July 2015 have not been applied to the purposes identified by Parliament and the financial transactions do not conform to the authorities which govern them.

The framework that has been applied is set out in the Joint Audit Code of Practice issued jointly by Skills Funding Agency and Education Funding Agency in August 2015. In accordance with this framework, our work has specifically not considered income received from the main funding grants generated through the Individualised Learner Record (ILR) returns, for which Skills Funding Agency has other assurance arrangements in place.

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

Respective responsibilities of Warrington Collegiate and the reporting accountant

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

Our responsibilities for this engagement are established in the United Kingdom by are imposed by law and professional standards and are to obtain limited assurance and report in accordance with our engagement letter and the requirements of the Joint Audit Code of Practice. We report to you whether anything has come to our attention in carrying out our work which suggests that, in all material respects, expenditure disbursed and income received during the period 1 August 2014 to 31 July 2015 have not been applied to purposes intended by Parliament or that the financial transactions do not conform to the authorities which govern them.

Approach

We conducted our engagement in accordance with the Joint Audit Code of Practice issued jointly by Skills Funding Agency and Education Funding Agency. We performed a limited assurance engagement as defined in that framework.

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

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

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

The work undertaken to draw our conclusion includes:

- making enquiries of management;
- analytical procedures;
- evaluation of controls and walkthroughs on a sample of material items
- review of completed and signed self-assessment questionnaire (SAQ);
- review of Board and Committee meeting minutes;
- review of internal audit papers (where relevant); and
- limited testing, on a selective basis, on a number of areas which are considered within the SAQ

Conclusion

In the course of our work, nothing has come to our attention which suggests that, in all material respects, the expenditure disbursed and income received during the period 1 August 2014 to 31 July 2015 has not been applied to purposes intended by Parliament and the financial transactions do not conform to the authorities which govern them.

Grant Thornton UK LLP

Grant Thornton UK LLP
Statutory Auditor, Chartered Accountants
Manchester

21 December 2015

