

WARRINGTON COLLEGIATE

**Financial Statements
For the Year Ended 31 July 2016**

WARRINGTON COLLEGIATE

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WARRINGTON COLLEGIATE

STRATEGIC REPORT

Nature, Objectives and Strategies:

The Members present their report and the audited financial statements for the year ended 31 July 2016.

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 is regulated by the Secretary of State for Education 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 12 and 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 2015-18, linked to two strategic aims as follows:

Our Vision

To become bigger, stronger and better for Warrington and Cheshire. Committed to the co-creation of "The Cheshire College" as an effective and strategically significant learning organisation in the Further Education sector, with the Warrington campus as a centre of excellence. Take the lead in shaping the future of the Further Education Sector within the region and 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
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 2016 - 18

Strategic Aim 1: Becoming an outstanding College

- 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 (e-learning) and independent learning.
- 5 Invest in resources to support the achievement of English and maths along with comprehensive and fully inclusive literacy and numeracy strategies.
- 6 Work collaboratively with “The Cheshire College” partners to invest in a range of high quality and impactful professional learning opportunities for staff, with a particular focus on excellence in teaching, learning and assessment.
- 7 Manage and plan learning support so that it is fit for purpose and resources are allocated effectively. Meet the needs of learners in need of support, especially high cost needs and vulnerable learners, enabling their achievement.
- 8 Further develop and embed the use of the data dashboard and reporting from ProMonitor and Smart Assessor so that there is routine use of automated, user-friendly, relevant and timely MIS reports that assist with early intervention and support for “at risk” learners.
- 9 Plan assessment for and of learning to secure incremental achievement throughout the year. Use ProMonitor Markbook consistently and accurately to record and monitor learners’ academic progress, achievement and value added in a timely manner.

- 10** Undertake a root and branch review of key college processes to ensure that they are fit for purpose and efficient, prioritising key areas of challenge as follows:
- Marketing, independent advice and guidance ('IAG') and recruitment
 - Planning and delivery of lessons
 - E-learning
 - Learning support
 - Accurate and timely course review, self-assessment and improvement planning
 - Student disciplinary
 - Calendar and holistic planning for the year
 - Curriculum planning; high level and operational planning
 - KPI and target setting
 - Progression and destinations
 - Workplace experience and Supported Internships (for SLDD and FL learners) in-line with the Sainsbury report recommendations
 - Careers advice and guidance in-line with Gatsby benchmarks and areas of focus
 - Enrichment
- 11** Further develop the College learner involvement strategy and engage more effectively with the Student Leadership Team.
- 12** Further develop our work to rapidly improve governance, working with the Chair, Vice Chair, Clerk and the NLG advisor to monitor and measure the practice and impact of governance against the very best in the sector.

Strategic Aim 2: Growing in size and reputation

- 13** Develop and resource a coherent marketing strategy including; digital media, sales, customer relationship and business development activities to raise awareness of the College brand, enhance our reputation and successfully meet funding targets and allocations in core funded and full cost provision.
- 14** Improve productivity and efficiency so that the College can achieve at least satisfactory, leading to good, financial health and meet all recovery plan objectives. Drive the capacity to invest in the college and support further growth opportunities. Realise the financial benefits of "The Cheshire College" as we move forward.
- 15** Develop a distinct curriculum offer for young people (school leavers) in Warrington which will secure growth in all core funded provision and "hubs" in the following areas:
- Academic routes (in collaboration with Warrington Collegiate Education Trust academies)
 - Creative, performing and digital arts
 - Science (and STEM)
 - Sport
 - Foundation Learning, Specialist Learning Development Disabilities and High Cost Needs (around supported internships in particular)

16 Work collaboratively with “The Cheshire College” partners and the University of Chester to develop our curriculum offer – for young people and adults – so that there are carefully mapped progression opportunities onto higher-level qualifications, a “skills pipeline”, co-branded and marketed as such. In particular:

- Remove perceived “low value” vocational provision in favour of technical frameworks, as they become approved and funded, in-line with the Sainsbury report recommendations
- Develop a distinct “higher technical” curriculum offer through the expansion of Access to HE, higher level and graduate apprenticeships and HND/C and/or Foundation Degree programmes

17 Secure capital funding to support curriculum growth (see 15 and 16 above).

18 Develop and implement a Commercial Strategy, stimulating investment from commercial partners and delivering successful, collaborative and lucrative activity, enabling the College to meet growth and income targets.

19 Successfully deliver the Adult and Community Learning (ACL) Strategy “Resilience 2020” ensuring that ACL is characterised by excellent outcomes, progression, high levels of learner satisfaction and value for money.

20 Develop and implement a comprehensive parental engagement strategy that improves communication and enhances our reputation with this key stakeholder group.

CURRENT AND FUTURE DEVELOPMENT AND PERFORMANCE

Student Numbers

In 2015/16 the College has delivered activity that has produced £11,650k in recurrent grant funding from the SFA, EFA and HEFCE (2014/15 - £12,407k). The College had 6,701 funded students, of which 3,061 were subcontracted, and approximately 1,252 non funded students. A further 281 students took out 24 plus study loans and an additional 517 were on HE programmes.

Student Achievements

In 2015/16 the overall Classroom Based Learning success rate was 89.3%, an increase of 3.2% points from 2014/15. 16-18 success rates improved by 5.4% points to 85.3%, 6.9% points above the PGA and 19+ success rates improved by 2.2% points to 93%, 6.6% points above PGA. Employer Responsive success rates were 72.3% for the overall completion of Apprenticeship programmes, an increase of 9.3% from 2014/15.

College Improvement Plan

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

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Performance Indicators

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

FINANCIAL POSITION

Financial Results

By careful management of its cost base, the College generated a surplus of £187k (2014/15 deficit of £1,008k) before other comprehensive income in the year of £(1,981k) (2014/15 – other comprehensive income of (£610k) with total comprehensive income of £(1,794k), (2014/15 – £(1,618k)). The total comprehensive income is stated after accounting for exceptional redundancy costs of £245k (2014/15 £446k).

The College has accumulated reserves of £(4,197k) and cash balances of £484k including endowments. The College wishes to accumulate reserves and cash balances in order to further strengthen its financial position. The net liabilities position arises due to the defined benefit pension liability for the local government pension scheme of £10,199k (2014/15: £8,012k). If the pension liability was excluded from the balance sheet the accumulated reserves position would be £6,002k positive (2014/15: £5,609k positive).

The College has significant reliance on the SFA, EFA and HEFCE for its principal funding source, largely from recurrent grants. In 2015/16 the SFA and EFA provided 75% of the College's total income.

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

Treasury Policies and Objectives

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

The College has a separate treasury management policy in place.

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

Cash Flows

At £1,003k (2014/15 £844k), operating cash flow from operating activities has improved compared to the previous year due to careful management of creditors.

Liquidity

During the year the College restructured a loan by borrowing an additional £250k to improve its working capital position. It also had an overdraft facility of up to £350k.

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.

WARRINGTON COLLEGIATE

STRATEGIC REPORT

Reserves Policy

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

Post-balance Sheet Events

There were no post balance sheet events.

Future Developments

A key priority within the College's Improvement and Development Plan was to focus on the development of curriculum specialisms. During 15/16 planned strategies to grow logistics, passenger transport and enterprise in alignment with both the LEP & 'Warrington Means Business' strategies were postponed in response to FE Commissioner feedback.

Following a review of Further Education provision across Cheshire and Warrington. Warrington Collegiate and Mid Cheshire College have agreed to begin a merger process to create a new FE College for Warrington and Mid Cheshire by August 2017.

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

Staff and Student Involvement

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

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

Taxation

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

RESOURCES

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

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Tangible resources include the main college site, the smaller site at Museum Street and £484k including endowments held in cash at the year-end date.

Financial

The College has £(4.2) million of net liabilities (including £10.2 million pension liability) and bank loans of £5.0 million.

People

The College employs 263 people (expressed as full time equivalents), of whom 182 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 2015/16, 75% 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

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

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

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

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

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:

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STRATEGIC REPORT

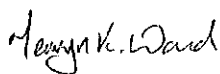
- The Additional Learning Support Manager is notified of any additional support needs during the admissions process and attends interviews when necessary. The ALS Manager provides information and guidance and arranges support in class, at lunchtimes and breaks and for transport.
 - Specialist equipment such as Dictaphones, laptops etc. are available for loan. Readers and scribes are also provided to support in class or during exams and BSL interpreters assist learners with learning impairments. Assistive technology is available in the LRC and in IT rooms.
 - Learning Facilitators are provided to assist all learners to access the full range of curriculum and to help them achieve their full potential. Staff development and specialist training is undertaken to ensure skills and qualifications are kept up to date.
- The Admissions Policy and Procedure including the Appeals Procedure are published on the College Internet site.
 - Specialist programmes are published in the College prospectus and success rates included in College performance reports.
 - Counselling and welfare services are available through Learner Services. Students are made aware of these services through information at interview, on enrolment, on the Internet, Intranet, published materials, induction programme and the Learning mentor system.

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

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 16 December 2016 and signed on its behalf by:



Mr M Ward
Chair
16 December 2016

WARRINGTON COLLEGIATE

STRATEGIC REPORT

KEY MANAGEMENT PERSONNEL, BOARD OF GOVERNORS AND PROFESSIONAL ADVISERS

Key Management Personnel

Key management personnel are defined as members of the College Leadership Team and were represented by the following in 2015/16:

Nichola Newton, Principal and CEO, Accounting Officer

Michelle Seeley, Deputy Principal Finance and Resources

Susan Treacy, Deputy Principal Curriculum and Quality

Victoria Harte, Assistant Principal Employer and Commercial Services

Board of Governors

A full list of Governors is given on pages 12-13 of these financial statements.

Laura Dale has acted as Clerk to the Corporation since 30 May 2016.

Frank Hardman acted as Clerk to the Corporation until 30 May 2016.

Principal Place of Business

Warrington Collegiate, Winwick Road, Warrington, WA2 8QA

Professional Advisors

Financial Statements Auditors and Reporting Accountants

Grant Thornton UK LLP

Chartered Accountants and Statutory Auditor

4 Hardman Square

Spinningfields

Manchester

M3 3EB

Internal Auditors

RSM Risk Assurance Services LLP

3 Hardman Street

Manchester

M3 3HF

Bankers

National Westminster Bank plc

PO Box 14, Sankey Street

Warrington

WA1 1XH

Barclays

1st Floor, 3 Hardman Street

Spinningfields

Manchester

M3 3HF

Solicitors

DWF LLP

1 Scott Place

2 Hardman Street

Manchester

M3 3AA

WARRINGTON COLLEGIATE

STATEMENT OF CORPORATE GOVERNANCE AND INTERNAL CONTROL

The following statement is provided to enable readers of the annual report and accounts of the College to obtain a better understanding of its governance and legal structure. This statement covers the period from 1 August 2015 To 31 July 2016 and up to the date of approval of the annual report and financial statements.

The College endeavours to conduct its business:

- i. in accordance with the seven principles identified by the Committee on Standards in Public Life (selflessness, integrity, objectivity, accountability, openness, honesty and leadership)
- ii. in full accordance with the guidance to colleges from the Association of Colleges in The English Colleges' Foundation Code of Governance ("the Foundation Code"); and
- iii. having due regard to the UK Corporate Governance Code ("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 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 Code, and it has complied throughout the year ended 31 July 2016. 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 Code of Good Governance for English Colleges issued by the Association of Colleges in March 2015, which it formally adopted in October 2015.

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

THE CORPORATION

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

| Name | Date of Appointment | Term of Office | Date of Resignation | Status of Appointment | Committees Served | Attendance at Corporation Meetings |
|----------------|--|----------------|---------------------|-----------------------|--|------------------------------------|
| Mr D Ashton | 5 Dec 2007 2 Dec 2009 | 2 years | | Student Member | Standards and Curriculum Search and Governance | 44% |
| | 7 Dec 2011 9 Dec 2015 | 4 years | | External Member | Standards and Curriculum Search and Governance | |
| Mr O Burton | 11 Mar 2015 | 4 years | | External Member | Audit Committee | 44% |
| Mr P Fitzhenry | 12 Mar 2014 | 4 years | | External Member | Finance, HR and Estates Committee | 78% |
| Mr J Joyce | 6 Dec 2006 6 Dec 2010 4 Dec 2014 | 4 years | | External Member | Vice Chairman: Finance, HR and Estates | 100% |

WARRINGTON COLLEGIATE

STATEMENT OF CORPORATE GOVERNANCE AND INTERNAL CONTROL

| Name | Date of Appointment | Term of Office | Date of Resignation | Status of Appointment | Committees Served | Attendance at Corporation Meetings |
|------------------|---------------------|----------------------|---------------------|---------------------------|---|------------------------------------|
| Ms N Newton | 17 Feb 2015 | As long as in office | | Principal/Chief Executive | Finance, HR and Estates Search and Governance Standards and Curriculum | 89% |
| Mr A Quayyum | 5 Dec 2012 | 4 years | | External Member | Finance, HR and Estates (resigned) and became Chairman: Audit Committee | 100% |
| Mr D Shaw | 3 July 2013 | 4 years | | External Member | Audit Committee | 89% |
| Ms A Viar | 11 Mar 2015 | 2 years | 14 September 2016 | Student Governor | Standards and Curriculum | 56% |
| J Pyrah | 9 March 2016 | 2 years | | Student Governor | Standards and Curriculum Committee | 33% |
| A Gani-Shaikh | 9 March 2016 | 4 years | | External Member | Audit Committee | 100% |
| A McIntosh Scott | 9 September 2015 | 4 years | | External Member | Standards and Curriculum Committee | 67% |
| K Phillips | 9 December 2015 | 4 years | | External Member | Finance, HR and Estates | 86% |
| B Smith | 9 December 2015 | 4 years | | External Member | Standards and Curriculum Committee | 67% |
| M Smith | 9 March 2016 | 4 years | | Staff Governor | Standards and Curriculum Committee | 67% |
| J Sumner | 19 April 2016 | 4 years | | External Member | Standards and Curriculum Committee | 0% |
| M Ward | 9 December 2015 | 4 years | | External Member (Chair) | Senior Staff Salaries; Finance, HR and Estates | 100% |
| M Pearce | 12 September 2016 | 4 years | | Staff Governor | Standards and Curriculum Committee | N/A |
| Miss L Dale | 31 May 2016 | | | Clerk to the Corporation | All Committees served | Full Corporation served |

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

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

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

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STATEMENT OF CORPORATE GOVERNANCE AND INTERNAL CONTROL

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

Warrington 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.

CORPORATION PERFORMANCE

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

APPOINTMENTS TO THE CORPORATION

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

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

SENIOR STAFF SALARIES COMMITTEE

Throughout the year ending 31 July 2016, 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 2016 are set out in note 8 to the financial statements.

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STATEMENT OF CORPORATE GOVERNANCE AND INTERNAL CONTROL

AUDIT COMMITTEE

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

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

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

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

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

INTERNAL CONTROL

Scope of Responsibility

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

The Corporation has delegated day-to-day responsibility to the Principal, as Accounting Officer, for maintaining a sound system of internal control that supports the achievement of the College's policies, aims and objectives whilst safeguarding the public funds and assets for which she is personally responsible in accordance with the responsibilities assigned to her in the Financial Memorandum between Warrington 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 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 2016 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

WARRINGTON COLLEGIATE

STATEMENT OF CORPORATE GOVERNANCE AND INTERNAL CONTROL

2016 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 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 2016 meeting, the Corporation carried out the annual assessment for the year ended 31 July 2016 by considering documentation from the senior management team and internal audit, and taking account of events since 31 July 2016.

WARRINGTON COLLEGIATE

STATEMENT OF CORPORATE GOVERNANCE AND INTERNAL CONTROL

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

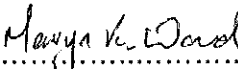
Going Concern

Following resolution by Warrington Collegiate and Mid Cheshire boards, the Colleges have committed to explore a merger between the two Colleges which is subject to due diligence on behalf of the College's Corporation. If the merger does go ahead all the assets and liabilities of Mid Cheshire will transfer into Warrington Collegiate.

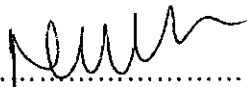
The College currently has £5,013k of loans outstanding with Barclays Bank. The College's forecasts and financial projections indicate that it will be able to operate within the existing facilities and covenants for the foreseeable future.

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 27.

Approved by order of the members of the Corporation on 16 December 2016 and signed on its behalf by:

Signed 

Date: 16 December 2016
Mervyn Ward, Chair

Signed 

Date: 16 December 2016
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.

Signed Mervyn Ward

Date: 16 December 2016
Mervyn Ward, Chair

Signed Nichola Newton

Date: 16 December 2016
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 its Accounting Officer, is required to prepare financial statements for each financial year in accordance with the 2015 Statement of Recommended Practice – Accounting for Further and Higher Education and with the Accounts Direction 2015 to 2016 issued jointly by the Skills Funding Agency and the Education Funding Agency, and which gives a true and fair view of the state of affairs of the College and the result for that year.

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

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

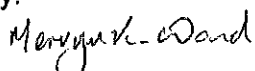
The Corporation is also required to prepare a strategic report, which describes what it is trying to do and how it is going about it, including the legal and administrative status of the College.

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

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

Members of the Corporation are responsible for ensuring that expenditure and income are applied for the purposes intended by Parliament and that the financial transactions conform to the authorities that govern them. In addition, they are responsible for ensuring that funds from the Education Funding Agency and the Skills Funding Agency are used only in accordance with the Financial Memorandum with the Education Funding Agency 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/ Education Funding Agency are not put at risk.

Approved by order of the members of the Corporation on 16 December 2016 and signed on its behalf by:

Signed: 

Mervyn Ward, Chair

Date: 16 December 2016

WARRINGTON COLLEGIATE

INDEPENDENT AUDITOR'S REPORT TO THE CORPORATION OF 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 2016 which comprise the statement of comprehensive income, the statement of changes in reserves, the balance sheet, the statement of cash flows 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), including FRS 102 the Financial Reporting Standard applicable in the UK and Republic of Ireland.

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 19 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 2016 and of its surplus 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 Statement of Recommended Practice – Accounting for Further and Higher Education issued in March 2014.

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 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
20 December 2016

WARRINGTON COLLEGIATE

STATEMENT OF COMPREHENSIVE INCOME

For the year ended 31 July 2015

| | Notes | 2016 £'000 | 2015 £'000 |
|---|-------|----------------|----------------|
| INCOME | | | |
| Funding Body Grants | 3 | 12,182 | 14,389 |
| Tuition fees and education contracts | 4 | 2,736 | 2,492 |
| Other grants and contracts | 5 | 406 | 242 |
| Other income | 6 | 808 | 729 |
| Investment income | 7 | - | - |
| TOTAL INCOME | | 16,132 | 17,852 |
| EXPENDITURE | | | |
| Staff costs | 8 | 10,360 | 10,981 |
| Fundamental restructuring costs | 8 | 245 | 446 |
| Other operating expenses | 10 | 3,718 | 5,778 |
| Depreciation | 13 | 1,011 | 1,020 |
| Interest and other finance costs | 11 | 611 | 635 |
| TOTAL EXPENDITURE | | 15,945 | 18,860 |
| Surplus/(Deficit) before tax | | 187 | (1,008) |
| Taxation | 12 | - | - |
| Surplus/(Deficit) for the year | | 187 | (1,008) |
| OTHER COMPREHENSIVE INCOME | | | |
| Actuarial loss in respect of pension schemes | 21 | (1,981) | (583) |
| Actuarial loss in respect of enhanced pension provision | | - | (27) |
| Total comprehensive Income for the year | | (1,794) | (1,618) |
| Represented by: | | | |
| Unrestricted comprehensive income | | (1,794) | (1,616) |
| Restricted comprehensive income | | - | (2) |

All activities are classed as continuing activities.

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

WARRINGTON COLLEGIATE

COLLEGE STATEMENT OF CHANGES IN RESERVES FOR THE YEAR ENDED 31 JULY 2016

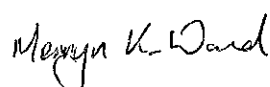
| | Income and Expenditure Account £'000 | Revaluation Reserve £'000 | Restricted Reserve £'000 | Total £'000 |
|---|--|---------------------------------|--------------------------------|----------------|
| BALANCE AT 1 August 2014 | (2,490) | 1,664 | 41 | (785) |
| Deficit from the income and expenditure account | (1,008) | - | - | (1,008) |
| Other comprehensive income | (583) | - | - | (583) |
| Other comprehensive income | (27) | - | - | (27) |
| Transfers between reserves | 22 | (20) | (2) | - |
| | (1,596) | (20) | (2) | (1,618) |
| BALANCE AT 31 JULY 2015 | (4,086) | 1,644 | 39 | (2,403) |
| Surplus from the income and expenditure account | 187 | - | - | 187 |
| Other comprehensive income | (1,981) | - | - | (1,981) |
| Transfers between revaluation and income and expenditure reserves | 20 | (20) | - | - |
| Total comprehensive income for the year | (1,774) | (20) | - | (1,794) |
| BALANCE AT 31 JULY 2016 | (5,860) | 1,624 | 39 | (4,197) |

WARRINGTON COLLEGIATE

BALANCE SHEET As at 31 July 2016

| | Notes | 2016 £'000 | 2015 £'000 |
|---|-----------|-----------------|----------------|
| NON CURRENT ASSETS | | | |
| Tangible assets | 13 | 22,721 | 23,476 |
| Investments | 14 | 100 | 100 |
| TOTAL NON CURRENT ASSETS | | 22,821 | 23,576 |
| CURRENT ASSETS | | | |
| Stock | | 7 | 8 |
| Trade and other receivables | 15 | 1,011 | 1,243 |
| Cash and cash equivalents | 20 | 484 | 75 |
| Total Current Assets | | 1,502 | 1,326 |
| Less: Creditors - amounts falling due within one year | 16 | (3,765) | (9,078) |
| NET CURRENT LIABILITIES | | (2,263) | (7,752) |
| TOTAL ASSETS LESS CURRENT LIABILITIES | | 20,558 | 15,824 |
| Creditors - amounts falling due after more than one year | 17 | (13,827) | (9,487) |
| PROVISIONS: | | | |
| Defined benefit obligation | 21 | (10,199) | (8,012) |
| Other provisions | 19 | (729) | (728) |
| TOTAL NET LIABILITIES | | (4,197) | (2,403) |
| UNRESTRICTED RESERVES | | | |
| Income and expenditure account | | (5,860) | (4,086) |
| Revaluation reserve | | 1,624 | 1,644 |
| TOTAL UNRESTRICTED RESERVES | | (4,236) | (2,442) |
| RESTRICTED RESERVES | | 39 | 39 |
| TOTAL RESERVES | | (4,197) | (2,403) |

The financial statements on pages 22 to 50 were approved and authorised for issue by the Corporation on 16 December 2016 and were signed on its behalf by:



- Mervyn Ward
- Chair



- Nichola Newton
- Accounting Officer

WARRINGTON COLLEGIATE

STATEMENT OF CASH FLOWS

For the year ended 31 July 2016

| | | 2016 £'000 | 2015 £'000 |
|---|-------|---------------|---------------|
| | Notes | | |
| CASH FLOW FROM OPERATING ACTIVITIES | | | |
| Surplus/(Deficit) for the year | | 187 | (1,008) |
| Adjustment for non-cash items | | | |
| Depreciation | | 1,011 | 1,020 |
| Decrease in stock | | 1 | 10 |
| Decrease in debtors | | 232 | 1,373 |
| Decrease in creditors due within one year | | (607) | (158) |
| Decrease in creditors due more than one year | | (352) | (433) |
| Increase in provisions | | 1 | 3 |
| Pensions costs less contributions payable | | 206 | (271) |
| Taxation | | - | - |
| Adjustment for investing or financing activities | | | |
| Investment income | | - | - |
| Interest payable | | 324 | 308 |
| NET CASH FLOW FROM OPERATING ACTIVITIES | | 1,003 | 844 |
| CASH FLOWS FROM INVESTING ACTIVITIES | | | |
| Payments made to acquire fixed assets | | (171) | (267) |
| | | <u>(171)</u> | <u>(267)</u> |
| CASH FLOWS FROM FINANCING ACTIVITIES | | | |
| Interest paid | | (310) | (302) |
| Interest element of finance lease rental payments | | (14) | (6) |
| New unsecured loans | | 633 | - |
| Repayments of amounts borrowed | | (694) | (363) |
| Capital element of finance lease rental payments | | (38) | (31) |
| | | <u>(423)</u> | <u>(702)</u> |
| INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS IN THE YEAR | | 409 | (125) |
| Cash and cash equivalents at beginning of year | 20 | 75 | 200 |
| Cash and cash equivalents at end of year | 20 | <u>484</u> | <u>75</u> |

WARRINGTON COLLEGIATE

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 July 2016

1 LEGAL STATUS AND REGISTERED OFFICE

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

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

2 ACCOUNTING POLICIES

STATEMENT OF ACCOUNTING POLICIES

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

BASIS OF PREPARATION

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

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

Transition to the 2015 FE HE SORP

The College is preparing its financial statements in accordance with FRS 102 for the first time and consequently has applied the first time adoption requirements. Some of the FRS 102 recognition, measurement, presentation and disclosure requirements and accounting policy choices differ from previous UK GAAP. Consequently, the College has amended certain accounting policies to comply with FRS 102 and the 2015 FE HE SORP. The governors have also taken advantage of certain exemptions from the requirements of FRS 102 permitted by FRS 102 Chapter 35, 'Transition to this FRS'.

An explanation of how the translation to the 2015 FE HE SORP has affected the reported financial position, financial performance and cash flows of the results of the College is provided in note 28.

The 2015 FE HE SORP requires colleges to provide a single statement of comprehensive income, and not the alternative presentation of a separate income statement and a statement of other comprehensive income. This represents a change from the previous period where separate statements for the Income and Expenditure account and for the Statement of Total Recognised Gains and Losses were presented.

The application of first time adoption allows certain exemptions from the full requirements of the FRS 102 and the 2015 FE HE SORP in the transition period. The following exemptions have been taken in these financial statements:

- Revaluation as deemed cost – at 1 August 2014, the College has revalued its land and buildings at Winwick Road at 1 August 2014 and this is the deemed cost and measured at fair value.

WARRINGTON COLLEGIATE

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 July 2016

BASIS OF ACCOUNTING

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

GOING CONCERN

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

The College primarily meets its day to day working capital requirements through cash generated from its day to day. It also has two loans with Barclays Bank plc, which at 31 July 2016 had a balance of £3.4m due for repayment over a period of 15 years and £1.6m due for repayment over a period of 5 years.

Following resolution by Warrington Collegiate and Mid Cheshire Corporation boards, the Colleges have committed to explore a merger between the two Colleges which is subject to due diligence on behalf of the College's Corporation. If the merger does go ahead all the assets and liabilities of Mid Cheshire will transfer into Warrington Collegiate.

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

In reaching this conclusion, the members of the Corporation have taken into account their on-going considerations as to whether to merge and form the Warrington and Mid Cheshire College.

BASIS OF CONSOLIDATION

The financial statements present information about the College as an individual undertaking and not about its group. The subsidiaries have been excluded from consolidation on the grounds that they are immaterial. In accordance with FRS 102, the activities of the student union have not been consolidated because the College does not control those activities. All financial statements are made up to 31 July 2016.

WARRINGTON COLLEGIATE

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 July 2016

RECOGNITION OF INCOME

Government revenue grants include funding body recurrent grants and other grants and are accounted for under the accrual model as permitted by FRS 102. Funding body recurrent grants are measured in line with best estimates for the period of what is receivable and depend on the particular income stream involved. Any under 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.

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

Income from grants, contracts and other services rendered is included to the extent the conditions of the funding have been met or the extent of the completion of the contract or service concerned. Grants from non-government sources are recognised in income when the College is entitled to the income and performance related conditions have been met. Income received in advance of performance related conditions being met is recognised as deferred income within creditors on the balance sheet and released to income as the conditions are met.

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

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

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

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).

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

The LGPS is a funded scheme. The assets of the LGPS are measured using closing fair values. LGPS liabilities are measured using the projected unit credit method and discounted at the current rate of return on a high quality corporate bond of equivalent term and currency to the liabilities. The actuarial valuations are obtained at least triennially and are updated at each balance sheet date. The amounts charged to operating surplus are the current service costs and the costs of scheme introductions, benefit changes, settlements and curtailments. They are included as part of staff costs incurred. Net interest on the net defined benefit liability/asset is also recognised in the Statement of Comprehensive Income and comprises the interest cost on the defined benefit obligation and interest income on the scheme assets, calculated by multiplying the fair value of

WARRINGTON COLLEGIATE

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 July 2016

the scheme assets at the beginning of the period by the rate used to discount the benefit obligations. The difference between the interest income on the scheme assets and the actual return on the scheme assets is recognised in other comprehensive income.

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

SHORT TERM EMPLOYMENT BENEFITS

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

ENHANCED PENSIONS

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

NON-CURRENT ASSETS TANGIBLE FIXED ASSETS

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

LAND AND BUILDINGS

Freehold buildings are depreciated over their expected useful economic life to the College; this is normally 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 deemed cost on the date of transition. The associated credit is included in the revaluation reserve. The difference between depreciation charged on the historic cost of assets and the actual charge for the year calculated on the revalued amount is released to the income and expenditure account on an annual basis.

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

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

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

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

WARRINGTON COLLEGIATE

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 July 2016

Subsequent expenditure on existing fixed assets

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

FIXTURES AND EQUIPMENT

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

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

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

No depreciation charge is charged in the year of acquisition.

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

LEASED ASSETS

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

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

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

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

INVESTMENTS

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

INVENTORIES

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

WARRINGTON COLLEGIATE

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 July 2016

CASH AND CASH EQUIVALENTS

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

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

FINANCIAL LIABILITIES AND EQUITY

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

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

MAINTENANCE OF PREMISES

The cost of routine corrective maintenance is charged to the 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 income in the period in which they arise. Transactions denominated in foreign currencies are recorded using the rate of exchange ruling at the date of transaction.

TAXATION

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

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

PROVISIONS

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 funding bodies and subsequent disbursements to students are excluded from the income and expenditure of the College where

WARRINGTON COLLEGIATE

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 July 2016

the College is exposed to minimal risk or enjoys minimal economic benefit related to the transaction.

JUDGEMENTS IN APPLYING ACCOUNTING POLICIES AND KEY SOURCES OF ESTIMATION UNCERTAINTY

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

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

Other key sources of estimation uncertainty

- **Tangible fixed assets**
Tangible fixed assets are depreciated over their useful economic lives taking into account residual values, where appropriate. The actual lives of the assets and residual values are assessed annually and may vary depending on a number of factors. In re-assessing asset lives, factors such as technological innovation and maintenance programmes are taken into account.
- **Local Government Pension Scheme**
The present value of the Local Government Pension Scheme defined benefit liability depends on a number of factors that are determined on an actuarial basis using a variety of assumptions. The assumptions used in determining the net cost (income) for pensions include the discount rate. Any changes in these assumptions, which are disclosed in note 21, will impact the carrying amount of the pension liability. Furthermore, a roll forward approach which projects result from the latest full actuarial valuation performed at 31 March 2013 has been used by the actuary in valuing the pensions liability at 31 July 2016. Any differences between the figures derived from the roll forward approach and a full actuarial valuation would impact on the carrying amount of the pension liability.

3 FUNDING BODY GRANTS

| | 2016 £'000 | 2015 £'000 |
|---------------------------------------|---------------|---------------|
| Recurrent grants | | |
| Skills Funding Agency | 4,532 | 5,284 |
| Education Funding Agency | 6,602 | 6,667 |
| Higher Education Funding Council | 516 | 456 |
| Construction Skills | 78 | 61 |
| Specific grants | | |
| Education Funding Agency | 83 | 81 |
| Skills Funding Agency | - | 1,460 |
| Releases of government capital grants | 371 | 380 |
| Total | 12,182 | 14,389 |

WARRINGTON COLLEGIATE

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 July 2016

4 TUITION FEES AND EDUCATION CONTRACTS

| | 2016 £'000 | 2015 £'000 |
|------------------------------------|---------------|---------------|
| Adult education fees | 865 | 965 |
| Fees for FE loan supported courses | 505 | 567 |
| Fees for HE loan supported courses | 873 | 916 |
| Total tuition fees | 2,243 | 2,448 |
| Education contracts | 493 | 44 |
| Total | 2,736 | 2,492 |

5 OTHER GRANTS AND CONTRACTS

| | 2016 £'000 | 2015 £'000 |
|----------------------------|---------------|---------------|
| Erasmus | 299 | 190 |
| European Commission | 68 | - |
| Other grants and contracts | 39 | 52 |
| Total | 406 | 242 |

6 OTHER INCOME

| | 2016 £'000 | 2015 £'000 |
|------------------------------------|---------------|---------------|
| Catering income | 250 | 289 |
| Projects income | 113 | 34 |
| Conferencing and facilities income | 4 | 6 |
| Other income generating activities | 268 | 233 |
| Examination income | 133 | 153 |
| Other miscellaneous income | 40 | 14 |
| Total | 808 | 729 |

7 INVESTMENT INCOME

| | 2016 £'000 | 2015 £'000 |
|--|---------------|---------------|
| Other interest receivable | - | - |
| Net return on pension scheme (note 21) | - | - |
| Total | - | - |

WARRINGTON COLLEGIATE

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 July 2016

8 STAFF COSTS

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

| | 2016 No. | 2015 No. |
|--------------------|-------------|-------------|
| Teaching staff | 182 | 241 |
| Non-teaching staff | 81 | 85 |
| | <u>263</u> | <u>326</u> |

Staff costs for the above persons

| | 2016 £'000 | 2015 £'000 |
|----------------------------------|---------------|---------------|
| Wages and salaries | 7,811 | 9,199 |
| Social security costs | 580 | 603 |
| Other pension costs | 1,432 | 997 |
| | <u>9,823</u> | <u>10,799</u> |
| Payroll sub total | 9,823 | 10,799 |
| Contracted out staffing services | 537 | 182 |
| | <u>10,360</u> | <u>10,981</u> |
| Fundamental restructuring costs | | |
| -Contractual | 128 | 417 |
| -Non-Contractual | 117 | 29 |
| | <u>10,605</u> | <u>11,427</u> |
| Total Staff Costs | 10,605 | 11,427 |

No pay award was made in the year ended 31 July 2016.

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

9 KEY MANAGEMENT PERSONNEL

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

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

| | 2016 No. | 2015 No. |
|--|-------------|-------------|
| The number of key management personnel including the Accounting Officer was: | <u>4*</u> | <u>4*</u> |

*There was a change in Principal in 2014/2015 and one Deputy Principal and one Assistant Principal left the College in 2015/16.

WARRINGTON COLLEGIATE

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 July 2016

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

| | Key management personnel | | Other staff | |
|----------------------|--------------------------|-------------|-------------|-------------|
| | 2016 No. | 2015 No. | 2016 No. | 2015 No. |
| £50,001 to £60,000 | 1 | 1 | | |
| £60,001 to £70,000 | 1 | 1 | - | - |
| £70,001 to £80,000 | - | 1 | - | - |
| £80,001 to £90,000 | 3 | 1 | - | - |
| £90,001 to £100,000 | - | 1 | - | - |
| £100,001 to £110,000 | - | - | - | - |
| £110,001 + | 1 | 2* | - | - |
| | 6 | 7* | - | - |

*There was a change in Principal in the year ended 31 July 2015.

Key management personnel compensation is made up as follows:

| | 2016 £'000 | 2015 £'000 |
|--|---------------|---------------|
| Salaries | 365 | 356 |
| Employers National Insurance | 42 | 40 |
| Benefits in kind | - | - |
| | 407 | 396 |
| Pension contributions | 78 | 60 |
| Total key management personnel compensation | 485 | 456 |

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

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

| | 2016 £'000 | 2015 £'000 |
|-----------------------|---------------|---------------|
| Salaries | 125 | 57* |
| Benefits in kind | - | - |
| | 20 | 8 |
| Pension contributions | 145 | 65 |

*There was a change in Principal in the year ended 31 July 2015. The 2015 emoluments is the amount paid to the Accounting Officer from the date she commenced employment.

WARRINGTON COLLEGIATE

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 July 2016

Compensation for loss of office paid to former key management personnel

| | 2016 £'000 | 2015 £'000 |
|--|---------------|---------------|
| Compensation paid to the former post-holders – Non-contractual | 61 | - |
| Estimated value of other benefits, including provisions for pension benefits | - | - |

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

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

10 OTHER OPERATING EXPENSES

| | 2016 £'000 | 2015 £'000 |
|--------------------|---------------|---------------|
| Teaching costs | 2,038 | 3,898 |
| Non-teaching costs | 711 | 908 |
| Premises costs | 969 | 972 |
| Total | 3,718 | 5,778 |

| | 2016 £'000 | 2015 £'000 |
|--|---------------|---------------|
| Other operating expenses include: | | |
| Auditors' remuneration: | | |
| Financial statements audit | 25 | 24 |
| Internal audit | 16 | 19 |
| Other services provided by the financial statements auditors – bank review | - | 28 |
| Other services provided by the internal auditors | - | 5 |
| Hire of assets under operating leases | 26 | 34 |
| Payments to sub-contractors | 560 | 1,096 |

WARRINGTON COLLEGIATE

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 July 2016

11 INTEREST AND OTHER FINANCE COSTS

| | 2016 £'000 | 2015 £'000 |
|---|---------------|---------------|
| On bank loans, overdrafts and other loans | 310 | 302 |
| Pension finance costs (note 21) | 287 | 327 |
| On finance leases | 14 | 6 |
| Total | 611 | 635 |

12 TAXATION

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

13 TANGIBLE FIXED ASSETS

| | Land & Buildings Freehold | Fixtures | Equipment | Total |
|---------------------------------------|------------------------------|--------------|--------------|---------------|
| | £'000 | £'000 | £'000 | £'000 |
| Cost or valuation | | | | |
| At 1 August 2015 | 28,036 | 1,663 | 3,264 | 32,963 |
| Additions | - | 29 | 227 | 256 |
| Disposals | - | - | - | - |
| At 31 July 2016 | 28,036 | 1,692 | 3,491 | 33,219 |
| Depreciation | | | | |
| At 1 August 2015 | 5,839 | 1,305 | 2,343 | 9,487 |
| Charge for the year | 554 | 111 | 346 | 1,011 |
| Elimination in respect of disposals | - | - | - | - |
| At 31 July 2016 | 6,393 | 1,416 | 2,689 | 10,498 |
| Net book value at 31 July 2016 | 21,643 | 276 | 802 | 22,721 |
| Net book value at 31 July 2015 | 22,197 | 358 | 921 | 23,476 |

WARRINGTON COLLEGIATE

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 July 2016

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

| | 2016 £'000 |
|--------------------------------------|---------------|
| Cost | - |
| Aggregate depreciation based on cost | - |
| Net book value based on cost | - |

Land and buildings were revalued on 31 August 2014 as depreciated replacement cost by Lambert, Smith, Hampton, a firm of independent chartered surveyors. Fixed assets include assets with a net book value of £19,466k partially funded by grants from the SFA and RDA. Should these assets be sold, the College may be liable, under the terms of the Financial Memorandum, to surrender some of the proceeds. The depreciation charge on these assets for the year was £744k (2014/15 £1,120k).

The net book value of tangible fixed assets in relation to equipment includes an amount of £185,388 (2014/15 £100,477) in respect of assets held under finance leases. The depreciation charge on these assets for the year was £2,093 (2014/15 £nil).

Buildings at Winwick Road were depreciated over 40 years. The College has reviewed the useful economic life of these buildings at 1 August 2014 and estimate that there are 40 years left. This is consistent with other FE Colleges who estimate that their buildings have a useful economic life of 50 years; the Winwick Road site was completed in 2007. The difference in depreciation since 1 August 2014 of £111k has been credited to the Statement of Comprehensive Income.

14 NON-CURRENT INVESTMENTS

| | 2016 £'000 | 2015 £'000 |
|-------------------------------------|---------------|---------------|
| Investments in subsidiary companies | 100 | 100 |

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

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

15 DEBTORS

| | 2016 £'000 | 2015 £'000 |
|--|---------------|---------------|
| Amounts falling due within one year | | |
| Trade receivables | 380 | 407 |
| Prepayments and accrued income | 630 | 406 |
| Other debtors | 1 | 7 |
| Amounts owed by the Skills Funding Agency | - | 423 |
| Total | 1,011 | 1,243 |

An impairment loss of £nil (2015:nil) was recognised against debtors.

WARRINGTON COLLEGIATE

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 July 2016

16 CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

| | 2016 £'000 | 2015 £'000 |
|---|---------------|---------------|
| Bank loans and overdrafts (note 18) | 347 | 5,074 |
| Obligations under finance leases | 45 | 24 |
| Payments received in advance | 489 | 118 |
| Trade payables | 576 | 1,060 |
| Amounts owed to group undertakings: | | |
| Subsidiary undertakings | 100 | 100 |
| Corporation tax | - | - |
| Other taxation and social security | 350 | 366 |
| Accruals | 729 | 1,374 |
| Amounts owed to the Skills Funding Agency | 724 | 386 |
| Deferred income – government capital grants | 356 | 370 |
| Other creditors | 49 | 206 |
| | 3,765 | 9,078 |

Included within accruals is an accrual for holiday pay of £410k (2015: £373k) which has been included due to the implementation of FRS 102.

17 CREDITORS: AMOUNTS FALLING DUE AFTER MORE THAN ONE YEAR

| | 2016 £'000 | 2015 £'000 |
|---|---------------|---------------|
| Bank loans (note 18) | 4,666 | - |
| Obligations under finance leases | 83 | 57 |
| Deferred income – government capital grants | 9,078 | 9,430 |
| | 13,827 | 9,487 |

18 MATURITY OF DEBT

| | 2016 £'000 | 2015 £'000 |
|---|---------------|---------------|
| Bank loans and overdrafts | | |
| Bank loans and overdrafts are repayable as follows: | | |
| In one year or less | 347 | 5,074 |
| Between one and two years | 356 | - |
| Between two and five years | 1,746 | - |
| In five years or more | 2,564 | - |
| Total | 5,013 | 5,074 |

WARRINGTON COLLEGIATE

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 July 2016

Two bank loans are secured on the freehold land and buildings of the College. The first at a rate comprising 4.96% fixed rate, and a 2.7% fixed margin and payable by installments falling due between 1 August 2016 and 28 February 2031, totaling £3,430,325. The second at a rate comprising 2.2% above the base rate, payable by installments falling due between 2 February 2016 and 31 January 21, totaling £1,583,591. The loan(s) were shown as due within one year in 2015 due to a covenant breach. Barclays' credit committee has since approved a waiver of the right to immediate repayment.

Finance Leases

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

| | 2016 £'000 | 2015 £'000 |
|----------------------------|---------------|---------------|
| In one year or less | 45 | 24 |
| Between one and two years | 49 | 28 |
| Between two and five years | 34 | 29 |
| In five years or more | - | - |
| | <hr/> | <hr/> |
| Total | 128 | 81 |
| | <hr/> | <hr/> |

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

Lennartz VAT

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

| | 2016 £'000 | 2015 £'000 |
|---------------------|---------------|---------------|
| In one year or less | - | 52 |
| | <hr/> | <hr/> |
| Total | - | 52 |
| | <hr/> | <hr/> |

The Lennartz VAT loan was unsecured. It has been repaid in full during the year.

19 PROVISIONS FOR LIABILITIES AND CHARGES

| | Enhanced Pensions £'000 |
|---------------------------|-------------------------------|
| At 1 August 2015 | 728 |
| Expenditure in the period | (46) |
| Additions in the period | 47 |
| | <hr/> |
| At 31 July 2016 | 729 |
| | <hr/> |

WARRINGTON COLLEGIATE

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 July 2016

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

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

The principal assumptions for this calculation are:

| | 2016 | 2015 |
|-----------------|------|-------|
| Price inflation | 2.3% | 3.46% |
| Discount rate | 1.3% | 1.75% |

20 CASH AND CASH EQUIVALENTS

| | At 1 August 2015 £'000 | Cashflows £'000 | Other Changes £'000 | At 31 July 2016 £'000 |
|-----------------------------|---------------------------------|--------------------|---------------------------|--------------------------------|
| Cash in hand, and at bank | 36 | 409 | - | 445 |
| Endowment asset investments | 39 | - | - | 39 |
| Cash and cash equivalents | 75 | 409 | - | 484 |
| Overdraft | - | - | - | - |
| Total | 75 | 409 | - | 484 |

21 PENSIONS AND SIMILAR OBLIGATIONS

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

| | 2016 £'000 | 2015 £'000 |
|---|---------------|---------------|
| Total pension cost for the year | | |
| Teachers' Pension Scheme: contributions paid | 646 | 692 |
| Local Government Pension Scheme: Contributions paid | 991 | 939 |
| FRS102 (28) (credit)/charge | (206) | (634) |
| Charge to the Statement of Comprehensive Income | 785 | 305 |
| Enhanced pension charge to Statement of Comprehensive Income | 1 | - |
| Total pension cost for year within staff costs | 1,432 | 997 |

WARRINGTON COLLEGIATE

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 July 2016

21 PENSIONS AND SIMILAR OBLIGATIONS (continued)

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 £91k (2015 - £188k) were payable to the scheme at 31 July and are included within creditors.

Teachers' Pension Scheme

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

The Teachers' Pension Budgeting and Valuation Account

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

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

Valuation of the Teachers' Pension Scheme

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

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

The new employer contribution rate for the TPS was 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>

21 PENSIONS AND SIMILAR OBLIGATIONS (continued)

Scheme Changes

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

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

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

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

The pension costs paid to TPS in the year amounted to £646,177 (2015: £692,000).

FRS 102 (28)

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

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

LOCAL GOVERNMENT PENSION SCHEME (LGPS)

The LGPS is a funded defined benefit plan, with the assets held in separate funds administered by Cheshire West and Cheshire Council. The total contributions made for the year ended 31 July 2016 were £1,166k of which employers contributions totalled £963k and employee's contributions totalled £203k. The agreed contribution rates for future years are 29.9% for employers and range from 5.5% and 12.5% for employees, depending on salary.

Principal Actuarial Assumptions

The following information is based upon a full actuarial valuation of the fund at 31 March 2013 updated to 31 July 2016 by a qualified independent actuary.

WARRINGTON COLLEGIATE

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 July 2016

21 PENSIONS AND SIMILAR OBLIGATIONS (continued)

| Principal Actuarial Assumptions | At 31 July 2016 | At 31 July 2015 |
|---|--------------------------------|--------------------------------|
| Rate of increase in salaries | 2.9% | 3.5% |
| Rate of increase for pensions in payment / inflation | 1.9% | 2.6% |
| Discount rate for scheme liabilities | 2.4% | 3.6% |
| Inflation Assumption (CPI) | 1.9% | 2.5% |
| Commutation of pensions to lump sums – Pre April 2008 scheme | 50% | 50% |
| Commutation of pensions to lump sums – Post April 2008 scheme | 75% | 75% |

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

| | At 31 July 2016 | At 31 July 2015 |
|---|--------------------------------|--------------------------------|
| <i>Retiring today/current pensioners</i> | | |
| Males | 22.3 | 22.3 |
| Females | 24.4 | 24.4 |
| <i>Retiring in 20 years/future pensioners</i> | | |
| Males | 24.1 | 24.1 |
| Females | 26.7 | 26.7 |

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

| | Fair Value at 31 July 2016 | Fair Value at 31 July 2015 |
|--|---|---|
| | £'000 | £'000 |
| Equity instruments | 12,910 | 10,167 |
| Debt instruments | 8,450 | 8,299 |
| Property | 1,643 | 1,867 |
| Cash | 469 | 415 |
| Total fair value of plan assets | 23,472 | 20,748 |
| Actual return on plan assets | 649 | 468 |

WARRINGTON COLLEGIATE

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 July 2016

21 PENSIONS AND SIMILAR OBLIGATIONS (continued)

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

| | 2016 £'000 | 2015 £'000 |
|-----------------------------------|-----------------|----------------|
| Fair value of plan assets | 23,472 | 20,748 |
| Present value of plan liabilities | (33,671) | (28,760) |
| Net pensions (liability) | (10,199) | (8,012) |

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

| | 2016 £'000 | 2015 £'000 |
|--|---------------|---------------|
| Amounts included in staff costs | | |
| Current service cost | 858 | 831 |
| Past service cost | 24 | - |
| Total | 882 | 831 |

Amounts included in interest and other finance costs

| | | |
|----------------------|------------|------------|
| Net interest expense | 287 | 299 |
| | 287 | 299 |

Amounts recognised in Other Comprehensive Income

| | | |
|---|----------------|--------------|
| Return on pension plan assets | 1,406 | 1,195 |
| Experience losses arising on defined benefit obligations | 384 | 214 |
| Changes in assumptions underlying the present value of plan liabilities | (3,771) | (1,992) |
| Total | (1,981) | (583) |

Movement in net defined benefit (liability) during the year

| | | |
|---|-----------------|----------------|
| Net defined benefit (liability) in scheme at 1 August | (8,012) | (7,786) |
| Movement in year: | | |
| Current service cost | (858) | (831) |
| Employer contributions | 963 | 1,487 |
| Past service cost | (24) | - |
| Net interest on the defined (liability) | (287) | (299) |
| Actuarial loss | (1,981) | (583) |
| Net defined benefit (liability) at 31 July | (10,199) | (8,012) |

WARRINGTON COLLEGIATE

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 July 2016

21 PENSIONS AND SIMILAR OBLIGATIONS (continued)

Changes in the present value of defined benefit obligations

| | 2016 £'000 | 2015 £'000 |
|--|---------------|---------------|
| Defined benefit obligations at start of period | 28,760 | 25,371 |
| Current Service cost | 858 | 831 |
| Interest cost | 1,044 | 1,026 |
| Contributions By Scheme participants | 203 | 341 |
| Experience gains and losses on defined benefit obligations | (384) | (214) |
| Changes in financial assumptions | 3,771 | 1,992 |
| Estimated Benefits paid | (605) | (587) |
| Past Service cost | 24 | - |
| Curtailments and settlements | - | - |
| Defined benefit obligations at end of period | 33,671 | 28,760 |

Changes in the fair value of plan assets

| | | |
|---|---------------|---------------|
| Fair value of plan assets at start of period | 20,748 | 17,585 |
| Interest on plan assets | 757 | 727 |
| Return on plan assets | 1,406 | 1,195 |
| Employer contributions | 963 | 1,487 |
| Contributions By Scheme participants | 203 | 341 |
| Estimated Benefits paid | (605) | (587) |
| Fair value of plan assets at end of period | 23,472 | 20,748 |

22 EVENTS AFTER THE REPORTING PERIOD

There have been no significant post balance sheet events.

23 CAPITAL AND OTHER COMMITMENTS

| | 2016 £'000 | 2015 £'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 2016

24 LEASE OBLIGATIONS

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

| | 2016 £'000 | 2015 £'000 |
|---|---------------|---------------|
| Land and Buildings | | |
| Not later than one year | - | - |
| Later than one year and not later than five years | - | - |
| Later than five years | - | - |
| | - | - |
| Other | | |
| Not later than one year | 26 | 26 |
| Later than one year and not later than five years | 26 | 52 |
| Later than five years | - | - |
| | 52 | 78 |

25 CONTINGENT LIABILITY

There are no contingent liabilities at the year end (31 July 2015: £nil).

26 RELATED PARTY TRANSACTIONS

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

The total expenses paid to or on behalf of the Governors during the year was £nil, (2015: £nil). This represents travel and subsistence expenses and other out of pocket expenses incurred in attending Governor meetings.

No Governor has received any remuneration or waived payments from the College or its subsidiaries during the year. (2015: None)

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

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 £73,119 (2015: £95,821). The balance outstanding at 31st July 2016 was £16,613 (2015: £4,680). In addition WCET has purchased goods on behalf of Warrington Collegiate to the value of £nil (2015: £70,397). The balance outstanding at 31 July 2016 was £nil (2015: £7,667).

WARRINGTON COLLEGIATE

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 July 2016

26 RELATED PARTY TRANSACTIONS (CONTINUED)

Goods and services were purchased on behalf of Beamont Collegiate Academy to the value of £14,511 (2015: £39,290). The balance outstanding at 31 July 2016 was £2,343 (2015: £15,245).

Goods were purchased on behalf of Future Tech Studio to the value of £138,576 (2015: £139,637). The balance outstanding at 31 July 2016 was £38,961 (2015: £32,969). Future Tech Studio purchased items on behalf of the College for £2,172 (2015: £630). The balance which was still outstanding at 31 July 2016 was £1,776 (2015: £630).

Beamont Collegiate Academy provides rental of sports facilities to Warrington Collegiate under a lease agreement where costs are shared. The total amount invoiced for this service during the year was £13,572 (2015: £18,096) and £9,048 was outstanding at 31 July 2016 (2015: £4,524)

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.

27 AMOUNTS DISPERSED AS AGENTS

DISCRETIONARY SUPPORT FUNDS

| | 2016 £'000 | 2015 £'000 |
|--|---------------|---------------|
| Funding body grants – hardship support | 444 | 396 |
| Funding body grants – childcare support | 176 | 248 |
| Funding body grants – residential bursaries | - | - |
| Other Funding bodies grants | 44 | 43 |
| Interest earned | - | - |
| | <u>664</u> | <u>687</u> |
| Disbursed to students | (626) | (563) |
| Administration costs | (26) | (29) |
| | <u>12</u> | <u>95</u> |
| Balance unspent as at 31 July, included in creditors | | |

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

28 TRANSITION TO FRS 102 AND THE 2015 HE SORP

The year ended 31st July 2016 is the first year that the College has presented its financial statements under FRS 102 and the 2015 FE HE SORP. The following disclosures are required in the year of transition. The last financial statements prepared under previous UK GAAP were for the year ended 31st July 2015 and the date of transition to FRS 102 and the 2015 FE HE SORP was therefore 1st August 2014. As a consequence of adopting FRS 102 and the 2015 FE HE SORP, a number of accounting policies have changed to comply with those standards.

WARRINGTON COLLEGIATE

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 July 2016

An explanation of how the transition to FRS 102 and the 2015 FE HE SORP has affected the College's financial position, financial performance and cash flows, is set out below

| | | 1 August 2014 £'000 | 31 July 2015 £'000 |
|--|-----|------------------------------|-----------------------------|
| Financial Position | | | |
| Total funds under previous SORP | | 8,971 | 6,862 |
| Employee leave accrual | (a) | (373) | (373) |
| Reclassification of deferred capital grants to liabilities | (f) | (10,180) | (9,800) |
| Increase in value of land and buildings | (d) | 797 | 797 |
| Change to useful life of buildings | (e) | - | 111 |
| Total effect of transition to FRS102 and 2015 HE FE SORP | | <u>(9,756)</u> | <u>(9,265)</u> |
| Total reserves under 2015 FE HE SORP | | <u>(785)</u> | <u>(2,403)</u> |
| Financial performance | | | |
| Deficit for the year after tax under previous SORP | | (847) | |
| Changes to useful economic life of buildings | (e) | 111 | |
| Enhanced pension actuarial loss | | (27) | |
| Pensions provision – actuarial loss | (b) | (583) | |
| Changes to measurement of net finance cost on defined benefit plans | (b) | <u>(272)</u> | |
| Total effect of transition to FRS 102 and 2015 FE HE SORP | | <u>(771)</u> | |
| Total comprehensive income for the year under 2015 FE HE SORP | | <u>(1,618)</u> | |

a) Recognition of short term employment benefits

No provision for short term employment benefits such as holiday pay was made under the previous UK GAAP. Under FRS 102 the costs of short-term employee benefits are recognised as a liability and an expense. The annual leave year runs to 31st August each year for both teaching and non-teaching staff meaning that, at the reporting date, there was an average of 14 days unused leave for teaching staff, 8 days unused leave for non-teaching staff and 11 days unused leave for management. The cost of any unused entitlement is recognised in the period in which the employee's services are received. An accrual of £373k was recognised at 1 August 2014, and at 31 July 2015. Following a re-measurement exercise in 2015/16, the movement on this provision of £36k has been charged to the Statement of Comprehensive Income in the year ended 31 July 2016.

WARRINGTON COLLEGIATE

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 July 2016

b) Change in recognition of defined benefit plan finance costs

The net pension finance cost recognised in the Income and Expenditure account for the year ended 31st July 2015 under the previous UK GAAP was the net of the expected return on pension plan assets and the interest on pension liabilities. FRS 102 requires the recognition in the Statement of Comprehensive Income, of a net interest cost, calculated by multiplying the net plan obligations by the market yield on high quality corporate bonds (the discount rate applied). The change has had no effect on net assets as the measurement of the net defined benefit plan obligation has not changed. Instead, the decrease in the surplus for the year has been mirrored by a reduction in the actuarial losses presented within Other Comprehensive Income.

c) Presentation of actuarial gains and losses within Total Comprehensive Income

Actuarial gains and losses on the College's defined benefit plans were previously presented in the Statement of Total Recognised Gains and Losses (STRGL), a separate statement to the Income and Expenditure account. All such gains and losses are now required under FRS 102 to be presented within the Statement of Comprehensive Income, as movements in Other Comprehensive Income.

d) Deemed cost of land and buildings

Land and buildings were valued at depreciated replacement cost in 1996 and since that date at cost under the previous UK GAAP. Under FRS 102 the College has obtained a valuation of its Winwick Road campus as at the date of transition and has adopted that as its deemed cost. The valuation at August 2014 was £22,550k split as £820k as the value attributable to land and £21,730k as buildings. The net book value at 1 August 2014 under the previous SORP was £21,753k. The difference of £797k has been taken to the revaluation reserve.

e) Useful economic life of buildings

Buildings at Winwick Road were depreciated over 40 years under the previous UK GAAP. Under FRS 102 the College has reviewed the useful economic life of these buildings at the date of transition and estimate that there are 40 years left. This is consistent with other FE Colleges who estimate that their buildings have a useful economic life of 50 years; the Winwick Road site was completed in 2007. The difference in depreciation since the date of transition has been credited to the Statement of Comprehensive Income. This adjustment is not a transition adjustment under FRS102 but has been processed as not considered material.

f) Deferred government capital grants

Deferred government capital grants were previously disclosed in the bottom half of the balance sheet as reserves. They are now disclosed within creditors – the release over the next twelve months shown as due within one year with the remaining balance as more than one year.

WARRINGTON COLLEGIATE

REPORTING ACCOUNTANT'S ASSURANCE REPORT ON REGULARITY

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

In accordance with the terms of our engagement letter dated 3 October 2016 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 2015 to 31 July 2016 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 June 2016. 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 as imposed by the law, 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 2015 to 31 July 2016 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:

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

Conclusion

In the course of our work, nothing has come to our attention which suggests that, in all material respects, the expenditure disbursed and income received during the period 1 August 2015 to 31 July 2016 has not been applied to purposes intended by Parliament and the financial transactions do not conform to the authorities which govern them.

Grant Thornton UK LLP

Grant Thornton UK LLP
Chartered Accountants
Manchester
20 December 2016

