

# winstanleycollege

## REPORT AND FINANCIAL STATEMENTS

31 July 2015



<b>Contents</b>	<b>Page</b>
Operating and Financial Review	3
Statement of Corporate Governance and Internal Control	14
Board of Governors and Professional Advisors	15
Statement of Responsibilities	21
Independent Auditors' Report to the Governing Body of Winstanley College	22
Income and Expenditure Account	24
Statement of Historical Cost Surpluses and Deficits	25
Balance Sheet	26
Cash Flow Statement	27
Notes to the Accounts	28
Independent Auditors' Report on Regularity to the Governing Body of Winstanley College and the Secretary of State for Education Acting through the Education Funding Agency	45

## OPERATING AND FINANCIAL REVIEW

### Nature, Objectives and Strategies

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

### Legal Status

The College was incorporated under The Further and Higher Education Act 1992 for the purpose of governing Winstanley College. The College is an exempt charity for the purposes of the Charities Act 2011.

### Mission

The College last formally reviewed its mission in 2013:-

**To achieve academic excellence in a supportive and challenging learning community.**

### Strategic Objectives

- 1 To deliver the highest quality level 3 provision.
- 2 To provide outstanding guidance and support.
- 3 To maintain financial stability, effectively utilising available resources to achieve best value.
- 4 To safeguard and promote health, safety and welfare of all who study and work at the College.
- 5 To support equality and diversity in all that we do.
- 6 To stimulate and develop students and staff through a diverse range of enrichment activities.
- 7 To raise aspirations to a broader range of study or work destinations by developing and consolidating links with employers and Higher Education.
- 8 To provide staff development which is designed to meet both individual and institutional needs.
- 9 To work, in collaboration with schools and partners, to achieve excellence, and optimise progression.
- 10 To be a learning organisation where self-review and evaluation are integral.

### Public Benefit

Winstanley College is an exempt charity under the Part 3 of the Charities Act 2011 and is regulated by the Secretary of State for Education via the Education Funding Agency. The members of the Governing Body, who are who are trustees of the charity, are disclosed on page 15-16.

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 mission, the College provides the following identifiable public benefits through the advancement of education:

- High-quality teaching
- Excellent results and value added for all students irrespective of their background
- Excellent track record of student progression to Higher Education, Employment and apprenticeships
- Strong guidance and welfare support for students
- Relevant links with employers, industry and commerce.
- All the above for a funding rate well below the cost of private education and accessible to all students irrespective of their background based only upon their performance at GCSE.

The delivery of public benefit is covered throughout the Members Report.

**Implementation of the Strategic Plan**

The College prepares an Improvement Plan annually on a calendar year basis to record actions taken toward its strategic objectives. This Improvement Plan includes actions from property and financial plans alongside education improvements. The Governors monitor the performance of the College against the development plan by formal review of the Improvement Plan at three points each year.

The College’s strategic objectives for 2015 are included in the Improvement Plan for the year. Key College objectives for 2015 and achievement of those objectives are addressed below:

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|--|--|
| <ul style="list-style-type: none"> <li>■ Raise value added scores across the College.</li> </ul> | <p>Overall ALPS value added score has improved to a 3, placing the College in the upper quartile of sixth form colleges. There has been a reduction in blue Alp results.</p> |
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| <ul style="list-style-type: none"> <li>■ Improve teaching accommodation for Maths and PE students by extending cramped classroom spaces</li> </ul> | <p>Extension to Maths &amp; PE block completed in time for start of term and went on to be commended in the Wigan Council Urban design awards. City Build Manchester picked up best contractor for their work on the project. The rooms are now better sized for effective teaching.</p> |
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| <ul style="list-style-type: none"> <li>■ Increase number of students enrolling at College in spite of the demographic dip</li> </ul> | <p>Applications and enrolment have increased over the prior year.</p> |
|--|---|
- |   |  |
|---|--|
| <ul style="list-style-type: none"> <li>■ Complete BCIF works on B corridor and in sciences</li> </ul> | <p>Works completed by year end with new phone system working and accommodation on B corridor and science refreshed</p> |
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- |   |  |
|---|--|
| <ul style="list-style-type: none"> <li>■ Increase number of students applying to university and numbers successfully progressing to Oxbridge</li> </ul> | <p>85% of students have progressed to higher education and there has been an increase in numbers gaining places at Oxford and Cambridge University or in subjects such as medicine, dentistry and veterinary sciences.</p> |
|---|--|
- |  |   |
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| <ul style="list-style-type: none"> <li>■ Prepare curriculum for linear examinations in a cost effective way</li> </ul> | <p>Plans in place and communicated to prospective students.</p> |
|--|---|

The College considers that at 31 July 2015 and up to the point of adoption of these accounts, good progress was being made with many of the 2015 strategic objectives enshrined within the Improvement Plan. The College has reverted to the preparation of a three year strategic plan to provide a medium and longer term planning horizon.

**Key Performance Indicators**

The College is judged by the Department for Education against measures displayed on the DFE website – school and college performance tables. This includes measures for Progress, Attainment and in future may also include Retention Destinations and progress in Maths and English for those without GCSE grade C or above. Performance against KPIs is as follows:-

Target	Outcome	Assessment
Student numbers 1959	2012	Enrolment in September 2014 was stronger than plan. The College continues to grow student numbers to help offset austerity funding cuts due in August 2016.
EFA Funding £8.548m	£8.757m	Funding remains at £8.548m but the growth in student numbers will lead to a better lagged settlement in 2015-16.
Retention 1 Nov -15 May 98.5% % leaving with 3 or more A levels	98.1%  99%	Efforts were made by tutorial and teaching staff to improve attendance and retention see strategic plan above. In the year eight more students have left early than in the prior year.

Progress Average pointscore per student Average point score per entry Average A level grade	1002.4 217.6 C+	Improved retention has helped success rates to rise however the changes toward linear exams with only one sitting each year have made it more difficult for some students to achieve a pass at A level.
Value Added Value added score No. entries at A level excluding general studies	0.88= red3 2720	Whole College value added measured by ALPS has improved over the prior year. Other value added measures will be published in due course.
Destinations HE and FE Employment with training Unconfirmed	85% 5% 2%	Progression to HE has held up in spite of increased university tuition fees and competition from apprenticeship and employment progression routes

### Financial Objectives

The College's financial objectives are:

- to achieve a surplus until 2016 and thereafter a performance ratio of >5%
- to maintain a current ratio of >1.5 and minimal borrowing
- to generate sufficient levels of income to maintain staff costs at below 72%
- to generate a positive cash flow to allow re-investment in its building stock, teaching resources, most notably ILT and staff development.
- to reinvest in the College estate in areas of poor condition and in line with the College's accommodation strategy 2014.

A series of performance indicators have been agreed to monitor the successful implementation of the objectives and to maintain the College's financial health status as assessed by the Education Funding Agency (EFA).

The College is committed to observing the importance of its in house KPIs and is monitoring these through the completion of the annual Finance Record to the Education Funding Agency. The College is currently graded as financial health "Outstanding" based upon its 2014 Finance record and 2014-2015 Financial forecast and this is considered an excellent outcome.

## FINANCIAL POSITION

### Financial Results

The College generated an operating surplus in the year of £382,000 (2014 £700,000).The College continues to adjust for cuts to main funding grants by updating pay costs in line with the public sector wage settlements only and also a freeze to non-pay cost budgets. Nevertheless pay costs and depreciation have risen in the year against declining income and so overall, profitability has reduced.

The College has accumulated income and expenditure reserves of £16m (2014 £16m) and cash balances of £4.7m at the year-end (2014 £4.9m). The College has in the past pursued a strategy of profitability and cash generation in order to finance on-going capital improvement to the College estate and teaching resources, and to provide a sound financial base for its continuing operations, for the benefit of all our students. This will become increasingly difficult as the full £1.1m of funding cuts and inflation and increases to National Insurance and Pensions cause costs to rise and income to fall further. The College is forecast to dip below break-even in periods after 1 August 2016 unless changes are made to align VAT recovery with other EFA funded providers in the academy and free school sectors.

The College has continued with its accommodation strategy revised in 2014. In the year 2014-15 the College completed an extension to classroom accommodation for Maths and PE which was commended for urban design in the Wigan Council 2015 awards.

The College continues to invest in ILT and is grateful to EFA for its £438k 2014 BCIF (2013 £500k) grant which has enabled us to update our Wifi network and telephony systems as well as completion of refurbishments in science and to B corridor.

In total the College has invested £1.2m (2014 £2.8m) in capital projects in the year. Five year investment in fixed assets stands at £11.8m.

The College has significant reliance on the EFA for its principal source of funding, almost exclusively from recurrent grants. In 2015 EFA income again underpinned 96% of College total income (2014 96%). Funding is expected to fall in real terms in future years, as the government addresses the national deficit. A funding cut to “entitlement” provision of £630,000 has already worked through and further cuts of up to £458,268 from “funding simplification” will follow after 1 August 2016. (note2)

### **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’s treasury management policy is contained within the financial regulations, and was updated in October 2013 to spread deposits across a larger number of banks. Short term borrowing for temporary revenue purposes is not currently required. Borrowing arrangements are authorised by the Principal as Accounting Officer. Such arrangements are restricted by limits in the Financial Memorandum with the EFA. All other borrowing requires the authorisation of the Board of Governors and shall comply with the requirements of the Financial Memorandum.

### **Cash Flows**

At £932k (£920k 13-14), the College considers itself to have strong cash flows from operating activities proportionate to its size as an institution. The College has prepared forecasts for cashflows for the three years 2015-18. Ongoing funding cuts and cost pressures will reduce cash generation but the College has underlying cash inflows from operating activities at £480k per year on average across 2016-18.

### **Liquidity**

The College has stable cash balances at around £4.5m in its three year forecast. These values may change if we make further investment in buildings and equipment. Surplus funds are invested in bank term deposits for up to 12 months, spread between two banks and one building society.

## **CURRENT AND FUTURE DEVELOPMENT AND PERFORMANCE**

### **Student numbers & Funding**

In 2014-15 the College had 2012 students as at 1 November 2014 (1-11-2013 = 1958 students). Funding is based upon lagged activity from the previous year and so the College was funded for 1958 students at £8,412,000 including high needs and formula funding protection but excluding bursary and free meals. (£8,462,000 in 2014). See note 2 to the financial statements. Funding for entitlement to extracurricular activities was fully withdrawn by the end of 2013-14 completing the first funding cut of £630,000. A further simplification funding cut of £458,268 per year is expected from 1 August 2016. The College is reviewing its enrolment targets in the light of further cuts arising from funding simplification and looks likely to exceed its 2015-16 student number target of 2012 by around 3% in November 2015.

### **Curriculum developments**

The College continues to be a high performing sixth form College with most provision centered around A level courses. A levels are due to be reformed in years beginning from September 2015. This is likely to see a return to delivery of qualifications over two years with assessment at the end of this period, but not all qualifications are proceeding at the same speed.

The College continues to respond to the ending of modular exams and will learn from the experience of students who took exams in summer 2014 in revising curriculum delivery.

The current austerity cuts make it more important than ever that class sizes remain viable and this makes it more difficult to introduce new qualifications if they are not immediately popular. The impact of cuts has also led to other local providers exiting the A level market. The College continues to public benefit locally by preserving a very broad choice of AS and A2 subjects and by maintaining A level provision for local students. The majority of students continue to take four AS levels in the lower sixth although this is likely to change in 2016. A substantial minority may continue with four linear A level subjects or pick up an extended project alongside their A levels.

For 2015-16 a number of professional pathways are being introduced for students who would rather take work experience and extended project along-side a three A level programme. Further curriculum changes may occur as the exam boards confirm which subjects will continue under the new linear exam regime.

### **Student Achievements Retention, Success rates and Destinations**

Students continue to deliver results which year on year has kept the College in the top 10 sixth form Colleges nationally. Although achievement has dipped slightly with the change to A levels as modular exams were withdrawn last year, value added measured by ALPS is improving, showing that the College continues to stretch students to reach good grades irrespective of where they started from.

In August 2015, Winstanley Students achieved 32%A\*-A grades / 64.7% A\*-B grades in their A level exams placing the College 5<sup>th</sup> in the Telegraph online League table for sixth form Colleges (2014 31% A\*-A 5<sup>th</sup> in the Guardian) and thus in the top ten Colleges for a fourteenth successive year. The official DFE tables are published by January each year and the College expects to remain amongst the top performers when data is available. College value added measured by ALPs shows that students at the College continue to improve from their prior GCSE performance. Level three value added data is expected to confirm continued stronger than average value added by the College students.

163 students achieved 3, or more, straight A grades at A2 level (2014- 175 students). 15 students have chosen to take up places at Oxford and Cambridge Universities (2014 6 students). 10 out of 37 students achieved distinction at Art foundation, (2014 –28 out of 40 students). 168 (2014 128) students completed the extended project with 94% (2014 98%) getting A\*-B grades.

Retention remained almost unchanged as College tightened up on attendance. 98.1% of students who were in attendance after 6 weeks completed a full year of study at College (2014 98.5%). Success rates also improved.

84% of students who left in summer 2015 progressed to Higher Education or continued with their studies in further education (2014 85%). A further 5% (5% 2014) of students progressed to employment on completing their studies.

The College offers an extensive variety of both cross-college and subject-specific enrichment which students very much value as evidenced in student feedback. There were at least 63 curriculum-related day trips and 16 overnight visits, 8 of which were overseas trips. Students have travelled to Andalucia and Arran, Brussels, Berlin and Blackpool Zoo, Howarth and Helmsley, New York, Washington, and Knowsley Safari Park, Volcanic Italy and Skipton Castle, Edinburgh and the Gambia, Paris and Rome, the Bank of England and the British Library. Performing Arts and PE, continue to play pivotal roles in offering a varied programme of in-house provision and extensive sporting enrichment. Winstanley TV, societies like Young Enterprise, Debating, the Student Council and Amnesty International continue to flourish and enrichment is used to support fund-raising for charities chosen by the students including Macmillan, children in need, cancer research and guide dogs for the blind. Students continue to achieve extra qualifications in First Aid, Sign Language, the Sports Leaders Award and the various levels of the Duke of Edinburgh programme. These and other cross college events such as Healthy College Week, Community Day and One World Day contribute to the success of the College and reinforce its place in the community. The College even now has its own Bee hives which produced honey in the year without stinging any students!

### **Ofsted Inspection**

The OFSTED inspection report of December 2007 describes all aspects of the College as 'Outstanding'. This inspection report confirms the 'outstanding' judgements made by successive AAVs and Subject Surveys since the previous inspection in 2004. Every provider review conducted by the LSC has described the College as 'excellent' and the College was awarded FEFC Beacon status in May 2001. In November 05 the College was recognised as being amongst a select group of Colleges regarded as 'particularly successful' and in July 06 the College was awarded QIA Beacon Status. All external assessments have confirmed the College's self-assessment as accurate.

In years when Ofsted do not visit, the College continues its own self-assessment process on an annual basis and submits its performance before a validation panel which includes governors and senior

managers from other North West Sixth Form Colleges. We continue to pursue our mission: to achieve academic excellence in a supportive and challenging learning community.

## **Future Developments**

Looking to 2015-16 and beyond, further simplification to the funding system will lead to additional reductions of up to £458,000 per year from 1 August 2016. By the end of this process A level funding per student at this College will have been rolled back by 11% on 2011 rates with no increase for inflation for 5 years amounting to a real terms reduction of 20%. Funding will have fallen to £4,070 a level last seen in 2004! Pension costs and employer National Insurance are also set to rise during 2015-16. Thus although the College was the third most profitable in the FE sector in 2013, we expect to be stressed by funding cuts and cost increases in the next three years causing financial health to drop to good from outstanding.

Compared to sixth form education fees in the private sector such as Eton (£35,721 per year) or local private schools £10,734-£11,280 per year, the College considers that it delivers outstanding education and therefore excellent value for money to the tax-payer, and public benefit, on rolled back national funding rates of £4,070.

The College continues to be highly efficient and will only be able to maintain its margins, if funding is no longer increasing, by seeking further efficiency gains or by growing its student population on the same cost base. The College is unable to greatly reduce its dependency upon EFA funding. The College has continued growth in student numbers into 2015-16 and this will have a lagged financial benefit which it is hoped will contribute to the College remaining a going concern. Although the 16-18 population is in decline up to 2020, after that time, it will rise again and the College wishes to remain in good shape for further expansion.

## **RESOURCES**

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

### **People**

The College employs 160 staff fte of whom 88 fte are teaching staff. The College recognises that its staff make a major contribution to its excellent results and outstanding educational provision and retains a commitment to be a true learning organisation in its strategic objectives. The College continues to invest strongly in staff training and development with the eighth highest spend per staff fte in 2014 across all sixth form colleges.

Tangible resources include the main College site, which comprises a variety of buildings dating from 1954 to current. The site is in the green belt in a major developed site and therefore the full extent of the College land could not be redeveloped for alternative use if sold off.

### **Financial**

The College has £22m million net assets including £4.7m cash and no long term debt. The College has some freedom under the Education Funding Agency to borrow or undertake capital works to reinvest its cash set aside for capital re-investment.

### **Reputation**

The College has an excellent reputation in the local and regional area, in part owing to its excellent teaching and consistently high student achievements and value added. A relentless focus on continuous improvement is seen as important for the College's success in attracting students and has been noted by Ofsted.

## **PRINCIPAL RISKS AND UNCERTAINTIES**

The College has a system of internal control including financial, operational and risk management which is designed to protect the College's assets and reputation.

Based upon the strategic plan, the Senior Management Team undertakes a thorough assessment of the risks to which the College is exposed. They identify systems and procedures, including specific preventable actions which should mitigate any potential impact on the College. Internal controls are implemented, and monthly and termly monitoring reviews their effectiveness and progress against risk

mitigation actions. In addition to the annual review, Senior Management and Governors will consider any risks which may arise during the year, whether due to new college activities or developments in the wider environment in which the college operates.

A risk management plan is maintained at the college level which is formally reviewed annually by the Audit Committee, and more frequently where necessary. The risk management plan identifies the key risks, the likelihood of those risks occurring, their potential impact and the actions being taken to reduce and mitigate those risks. Risks are prioritised according to HML scores for impact and likelihood, and according to whether the college can control the risks or whether they are due to outside agencies such as the EFA over which the college has less control.

Risks are discussed monthly by Senior Management and all staff are encouraged to report issues which may give rise to risks to the college, such as near misses. A termly monitoring report is presented to Governors on the Finance & Resources committee. Outlined below is an extract of the greatest risks in the 2014-15 plan. Not all the factors are within the College's control. Other factors besides those listed below may also adversely affect the college.

This is supported by a risk management training programme to raise awareness of risk throughout the College. All staff have induction for health and safety and refresher training where appropriate, additional training has been undertaken for senior and middle managers in Risk Management or Emergency response in the year.

RISK	LIKELIHOOD	IMPACT	CONTROL PROCEDURES	MONITORING PROCEDURE	ACTION REQUIRED	FINANCIAL IMPACT AND CONTINGENCY PLAN
<b>FUNDING</b>						
Government does not protect 16-18 education from further real terms cuts to meet its additional and ongoing austerity deficit cutting targets.	H	M	<p>Monitor Government announcements re budgets and spending reviews.</p> <p>Monitor EFA and SFA funding announcements direct and via AOC SFCA.</p> <p>Model financial implications and respond according to further reductions</p>	<p>Monitoring of political announcements e.g. budgets spending reviews etc.</p> <p>Correspondence &amp; Dialogue with EFA.</p> <p>Monitoring of AOC budget information.</p>	<p>Continued lobbying via AOC/SFCF/MPs to put college case in local context</p> <p>Set financial plans and 3 year forecasts at prudent levels.</p>	<p>Still £460k of simplification cuts yet to roll out. £631k of entitlement has gone. £35k lost from 18yr old Art Foundation programmes.</p> <p>Maintain dialogue with MPs e.g. re VAT. Curriculum to reduce back to 3 linear A levels with possible fourth subject for 4B students.</p>
Failure of Bank(s) holding cash	L	H	Ration deposits held with each institution as per financial regulations	Monitor bank health via credit rating agency reports	Monitoring of bank health and split of deposit balances across banks	Up to £2m if any one bank were to collapse without government intervention.

**STAKEHOLDER RELATIONSHIPS**

In line with other colleges and with universities, Winstanley College has many stakeholders. These include:-

- Students
- Staff
- Parents
- The Education Funding Agency (EFA)
- The sixth form commissioner
- Local Authorities
- Government Agencies
- The local community
- Other Colleges and Universities
- Local Schools
- Trades Unions
- Professional Bodies

The College recognises the importance of these relationships and engages in regular dialogue with them. Internal audit reviewed college links to key stake holders and the college has been investigating different approaches adopted by similar sixth form colleges. Student satisfaction as surveyed in year indicates that they have a highly positive opinion of the college.

**Planned Maintenance Programme**

The college had a planned maintenance programme estimated to cost £3.2m over 10 years, resulting in an annual average budget of £320,000 this has now been reduced to £154,000 in 2015-16 as cuts to funding and other budget pressures reduce available resources.

In summer 2014 a BCIF grant was again awarded by the EFA and this has allowed us to upgrade B corridor and complete asbestos removal from ducts. Further works into 2014-15 using the BCIF grant have funded refurbishments of B corridor and in science, plus wifi and telephone improvements.

There is still more work that needs to be undertaken to bring the older buildings up to current standards, especially in the areas of the kitchen, Sports Hall and Older Art block, but the college has made very good progress across the rest of the site and has been helped financially by a condition grant from the EFA in support of this work for which we are grateful. (see notes 2 & 18)

**Staff and Student Involvement**

The college considers good communication with its staff to be very important and to this end holds regular staff meetings as well as daily announcements in morning orders. The college encourages staff, student and parent involvement through membership of formal committees and focus groups. The college undertakes frequent surveys to gauge student and staff opinion. The college conducted a staff satisfaction survey in March 2008. The results were benchmarked against national data sets and the results were outstandingly good. As part of the Framework for Excellence students took part in a national survey of opinions. Results from this survey have been very good.

**Taxation**

The college's activities do not fall to be charged to corporation tax.

The college suffers irrecoverable VAT on its purchases at 20% whereas sixth forms under local authority control, academies, free schools and UTCs are able to recover their input VAT from HMRC. Compared to UTC, Academy and LA school sixth forms the college remains unable to recover VAT on its non pay expenditure for every £4,000 received per student if 70% is spent on staffing (£2,800) this leaves £1,200 to spend on non pay and capital expenditure, most of which is standard rated and therefore after VAT is deducted the college has £1,000 left to spend per student, whereas a UTC, academy or Free school or LA sixth form will benefit from £1,200 of spending power. With a student population of 1959 funded for 2014-15 this represents a funding inequity of £392,000. The college may consider conversion to Academy or UTC status thereby re-joining the public sector by 2016 if the funding situation fails to improve. The college continues to lobby against this injustice.

**Equality and Diversity****Equal opportunities, employment of disabled persons and disability statement**

Winstanley College is committed to ensuring equality of opportunity for all who learn and work here. We respect and value positively differences in race, gender, sexual orientation, religion, ability, class and age. We strive vigorously to remove conditions which place people at a disadvantage and we will actively combat bigotry or harassment.

The college has a Single Equality Strategy (June 2014) which is available from our intranet site and this includes the College's Equality and Diversity Policy covering areas such as

Equality & Diversity  
Race Equality  
Disability Equality  
Gender Equality  
Bullying & Harassment

The policies and scheme will be updated in due course to take account of the 2010 Single Equality Act.

The College considers all applications from disabled persons, bearing in mind the aptitudes of the individuals concerned. Where an existing employee becomes disabled, every effort is made to ensure that employment with the College continues. The College's policy is to provide training, career development and opportunities for promotion, which are, as far as possible, identical to those for other employees. An equalities review takes place at the end of every year and statistics concerning applications for employment are monitored by managers and governors.

The College has one member of staff trained to deliver "mindfulness" sessions to staff and students and also provides access to a counselling service to assist the mental health wellbeing of students. The College has also implemented an updated Equality & Diversity training programme which all staff have attended. Refresher training and training for new starters is carried out on an ongoing basis.

**Disability Statement**

The College seeks to achieve the objectives set down in the Equality Act 2010, and the Disability Discrimination Act 1995 as amended by the Special Education Needs and Disability Act 2001 and 2005. The college has achieved and maintained the Positive about Disabled Quality mark and is considered two ticks positive.

- a) As part of its accommodation strategy the College updated its access audit. Experts in this field conducted a full access audit during 2008, and the results are published on the college website to inform potential students, employees and the general public who may wish to access facilities at the college. Completion of the science and Library has greatly improved access for wheelchair users in part of the site.
- b) The College employs a Progression and Welfare officer, who provides information, advice and arranges support where necessary for students with disabilities.
- c) Where required specialist equipment, such as braille printers, can be made available for use by students and a range of assistive technology is available from the study support unit in the Library.
- d) The admissions policy for all students is described in the College prospectus. Appeals against a decision not to offer a place are dealt with by the appeals panel who have the authority to adjust entry criteria in the case of students with long term conditions or disabilities.
- e) The College has made a significant investment in the development of specialist tutors to support students with learning difficulties and/or disabilities. There are a number of study support assistants who can provide a variety of support for learning. There is a continuing programme of staff development to ensure the provision of a high level of appropriate support for students who have learning difficulties and/or disabilities.

- f) Achievements and destinations are analysed by gender, ethnicity, disability, disadvantage and learning need and are recorded and monitored by the Equality and Diversity group each year.
- g) Counselling and welfare services are described in the College Student Guide, which is issued to students together with the Complaints and Disciplinary Procedure leaflets at induction.

**Sustainability**

The college buildings dating from the 1954 to the present day were not always designed with modern standards of sustainability at heart.

The college continues to recycle plastics, cardboard paper and toner cartridges and life expired IT equipment is re-used. The college achieved the bronze level of the Green College Awards in 08-09. Many students travel to college by public transport. A baseline survey of travel patterns was undertaken in 2007-8 and survey data showed students travel by the following methods:-

Bus	64%	Train	5%	Walking	4%	Moped	1%
Car	20%	Car Share	5%	Cycle	1%		

The college continues to offer a cycle purchase scheme to staff.

The college complied with the Display Energy Certificate regulations during 2008-9 for the first time and was graded B for the efficiency of its buildings, one of only three public buildings in the Wigan postal district to gain such a grade. Re assessment by different consultants for 2011-12 graded the buildings at the upper end of grade C. Since that time the college has invested in voltage optimisation (2011) which has reduced electricity consumption by 10%, Biomass boilers replaced oil fired heating in 2012. New roofs in 2013 have double the insulation required by current building regulations and a solar array which generates around 30,000 units of electricity per year. We continue to remind staff to turn off lights, projectors and air conditioning and use software to power down PCs each evening. The improvements have lifted the DEC score back into B category by the 2015 assessment.

Refurbishment of the Maths block in summer 2014 revealed inadequate insulation dating back to its construction in 2001 and this has now been remedied. In 2014-15 we were kindly loaned a thermal camera by Manchester Metropolitan University (MMU), this shows that heat loss still affects the Sports Hall gable ends and the 1950s blocks lose heat via their concrete beams. We have also used BCIF refurbishment of B corridor and science areas to progress with further conversion of light fittings to LED. At the end of the year the college has had approval for a further £17,000 Salix grant to support further LED lighting conversion during 2015-16.

The government has set a target to reduce carbon emissions by 80% by 2050 from a 1990 baseline. The college does not have data for 1990 as at that time it was part of Wigan LA. Our earliest consistent data goes back to 2002-3 although we have electricity consumption data back to 2001-2. In terms of carbon footprint overall we have reduced from 856 tonnes to 522 tonnes a reduction of 39%. In terms of carbon footprint per student we have achieved a reduction of 0.26 tonnes per student since 2002-3. – a reduction of 50%! It is possible that the reduction since 1990 would not be as great since in 2002 it is likely that the college had more computers, air conditioning and projectors than in 1990. During 2013-14 the library and physics blocks were out of action for part of the year as was the Maths block and so it is difficult to tell if we have yet reached a steady demand pattern for the new accommodation. It is possible that in 2014-15 the carbon per student will creep up again as we have full year use of facilities. Also hard winters may lead to greater draw of energy for heating.

The college remains committed to reductions in energy consumption and carbon use year on year as its contribution to climate change. Reductions achieved to date are shown on the table on the next page.

<b>Carbon “footprint” from energy use</b>	Use of Energy in '000kwh and <b>Tonnes CO2</b> by year							
	Year to 31 July	2015	2014	2013	2012	2011	2010	2009
Electricity Kkwh	758	800	822	820	913	880	944	858
Solar Electricity Kkwh	32	30	32	427	476	459	492	447
<b>CO2 tonnes</b>	<b>338</b>	<b>357</b>	<b>367</b>					
Gas Kkwh	1004	865	1262	1014	757	842	790	819
<b>Tonnes CO2</b>	<b>184</b>	<b>159</b>	<b>232</b>	<b>186</b>	<b>139</b>	<b>155</b>	<b>146</b>	<b>151</b>
Oil Kkwh	-	-	-	-	488	514	522	842
					<b>149</b>	<b>157</b>	<b>160</b>	<b>258</b>
Biomass Kkwh	258	260	201	53	-	-	-	-
	-	-	-	-	-	-	-	-
Total Kkwh	2052	1955	2317	1887	2158	2236	2256	2519
<b>CO2</b>	<b>522</b>	<b>516</b>	<b>599</b>	<b>613</b>	<b>764</b>	<b>771</b>	<b>798</b>	<b>856</b>
Carbon (Reduction) /Increase over prior year	+1%	-14%	-2%	-20%	-1%	-3%	n/a	n/a
Student numbers 1 Nov	2012	1959	1930	1906	1885	1860	1872	1634
<b>Tonnes CO2 per student – excluding transport costs.</b>	<b>0.26</b>	<b>0.26</b>	<b>0.31</b>	<b>0.32</b>	<b>0.40</b>	<b>0.41</b>	<b>0.43</b>	<b>0.52</b>
<b>Overall CO2 per student as % of 2003</b>	<b>50%</b>	<b>50%</b>	<b>59%</b>	<b>61%</b>	<b>77%</b>	<b>79%</b>	<b>81%</b>	<b>100%</b>
<b>Overall % reduction in CO2 since 2003</b>	<b>39%</b>	<b>40%</b>	<b>30%</b>	<b>28%</b>	<b>11%</b>	<b>10%</b>	<b>7%</b>	<b>0%</b>

#### Disclosure of Information to Auditors

The governors 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 Board of Governors  
and signed on its behalf by

David Rosbottom  
Chair  
7 December 2015

## STATEMENT OF CORPORATE GOVERNANCE AND INTERNAL CONTROL

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

The College endeavors 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. 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.

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 the governors, the College complies with all the provisions of the Code in so far as they apply to the Further Education Sector, and it has complied throughout the year ended 31 July 2015. The governing body recognises that as a body entrusted with both public and private funds it has a particular duty to observe the highest standards of corporate governance at all times.

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 Board of Governors and its Professional Advisers  
Membership of the Board of Governors 2014-15 which includes those appointed up to and including 31 December 2015**

The members who served on the Board of Governors during the year and up to the date of signature of this report were as listed in the table below.

Member	Date of Appointed	Term of Office	Date of Resignation	Status of Appointment	Committees Served	Attendance*
Steven Blackmore	3 Sept 12	2 years	2 Sept 14	External co-opted	F&R	
Emily Campbell	14 Nov 13	2 years	30 Jun 15	Student	Audit	66.67%
Andrew Gorman	28 Jan 14	4 years		Staff	F&R	75%
Nicola Green	16 Apr 12	4 years		External	Audit	100%
Mark Hanrahan	1 Aug 11	2 <sup>nd</sup> – 4years		External	Chair F&R, Search, Remuneration	75%
Abby Hollywood	1 Jan 14	4 years	16 Jan 15	Staff	Audit	50%
Tracey Howson	7 Jan 13	4 years		External	F&R and C&Q	75%
Gordon Johnson	16 Nov 15	2 years		Parent	F&R	
Antony Kearns	5 Jan 15	4 years		External	F&R	50%
Pat King	1 Sept 11	3 <sup>rd</sup> – 4 years	8 Dec 14	External	Chair C&Q, Search Remuneration	100%
Georgia Latham	14 Nov 14	2 years		Student	C&Q	100%
Debbie Liptrot	1 Sep 15	4 years		Staff	Audit	
Margaret McKenzie	5 Jan 15	4 years		External	Audit	100%
Nayyar Naqvi	5 Jan 15	4 years		External	C&Q	100%
Mark Parkin	26 Feb 13	4 years		External	C&Q and Audit	100%
James Pearson	4 Feb 11	4 years		External Vice Chair	C&Q,	100%
Peter Pincott	13 Nov 15	2 years		Student	Audit	
David Rosbottom OBE	28 Jan 13	5 <sup>th</sup> – 4 years		External Chair	C&Q, Search, Remuneration	100%
Kevan Ryan	5 Jan 15	4 years		External	F&R	100%
David Sloan	14 Nov 13	2 years	31 Jul 15	Parent	F&R	75%

Karen Taylor	1 Oct 12	2 <sup>nd</sup> - 2 years	30 Sept 14	External co-opted	Audit	
Louise Tipping	21 Oct 13	Ex-officio		Principal	C&Q, F&R, Search	100%
Stan Walker	28 May 10	2 <sup>nd</sup> - 4years		External	Chair Audit, Search	100%

An election for a student member will be held during the autumn term. Membership will be updated when these appointments have been made.

**The College and its staff and students are grateful for the time and commitment given by the members of the College Board of Governors.**

Charlotte Fitch acts as independent Clerk to the Corporation.

### PROFESSIONAL ADVISERS

#### BANKERS

Co-operative Bank plc  
Corporate Banking Centre  
1 Balloon Street  
Manchester  
M60 4EP

Deposit accounts are also held with  
Nationwide BS and Santander UK plc

#### FINANCIAL STATEMENTS AUDITOR REGULARITY AUDITOR

Murray Smith LLP  
Darland House  
44 Winnington Hill  
Northwich,  
Cheshire,  
CW8 1AU

#### SOLICITORS

Platt & Fishwick  
The Old Bank  
47 King Street  
Wigan  
WN1 1DB

#### INTERNAL AUDITORS

Wylie & Bisset LLP  
168 Bath Street  
Glasgow  
G2 4TP

## **The Board of Governors**

The composition of the Board of Governors is set out on the preceding pages.

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

The Board 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 Board met four times in 2014/2015.

The Board conducts its business through a number of committees. Each committee has terms of reference, which have been approved by the Board. These committees are Audit, Curriculum & Quality, Finance and Resources, Remuneration and Search. Full minutes of all meetings, except those deemed to be confidential by the Board, are available from the Clerk to the Governors.

The Clerk to the Governors maintains a register of financial and personal interests of the Governors. The register is available for inspection at the College, Winstanley Road, Billinge, Wigan WN5 7XF.

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 Governors, 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 Board of Governors 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 Board has a strong and independent non-executive element and no individual or group dominates its decision making process. The Board 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 Governors and the Principal are separate.

### **Appointments to the Board of Governors**

Any new appointments or re-appointments to the Board of Governors are a matter for the consideration of the Board as a whole. The Board has a Search Committee which is responsible for succession planning, the selection and nomination of any new member for the Board's consideration. The Board is responsible for ensuring that appropriate training is provided as required.

Members of the Board of Governors are appointed for a term of office not exceeding 4 years. Members may then stand for re-election for a second or subsequent term of office.

### **Remuneration Committee**

Throughout the year ending 31 July 2015, the College's Remuneration Committee comprised those members listed on page 16. The Committee's responsibilities are to make recommendations to the Board on the remuneration and benefits of the Principal and other senior post-holders.

Details of remuneration for the year ended 31 July 2015 are set out in notes 7-8 to the financial statements.

### **Audit Committee**

The Audit Committee membership is as listed on page 16. The committee operates in accordance with written terms of reference approved by the Board of Governors.

The Audit Committee meets on a termly basis and provides a forum for reporting by the College's internal, financial statement and regularity 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 agencies, as they affect the College's business. The Committee also approves the college's risk management plan on behalf of the Corporation.

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, reporting their findings to management and the Audit Committee.

Management are responsible for the implementation of agreed recommendations and progress is monitored at each committee meeting. Internal audit also undertake periodic follow up reviews to ensure such recommendations have been implemented.

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

### **Finance & Resources Committee**

The Finance and Resources Committee meets four times per year. It considers the management accounts and performance against KPIs across non-academic areas. It has regard for solvency and efficiency of the organisation and compares the college performance to various benchmarks available. The committee also reviews the annual budget and financial forecast and financial statements in detail on behalf of the main Board of Governors. In this way the committee seeks to ensure public benefit and best value for our students.

### **Curriculum and Quality Committee**

The Curriculum and Quality Committee considers the academic performance of the college and holds Senior management to account for attendance, retention, achievement and success rates as well as value added and progression to higher education and employment. In this way the committee seeks to ensure public benefit and best value for our students.

## **INTERNAL CONTROL**

### *Scope of Responsibility*

The Board of Governors 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 Board of Governors has delegated the 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 Winstanley College and the FE funding agencies. 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 upon 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 Winstanley College for the year ended 31 July 2015 and up to the date of approval of the annual report and accounts.

### *Capacity to handle risk*

The Board of Governors 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 Board 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 throughout the period ending 31 July 2015 and up to the date of approval of the annual report and accounts. This process is regularly reviewed by the Board of Governors.

### *The risk and control framework*

The system of internal control is based upon 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 governing body
- Regular reviews by the governing body 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.

Winstanley College has an internal audit service, which operates in accordance with the requirements of the EFA 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 Board of Governors on the recommendation of the audit committee. At minimum annually, the Head of Internal Audit (HIA) provides the governing body with a report on internal audit activity in the College. The report includes the HIA'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 and regularity auditors in their management letters or 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 senior management team regularly considers key performance and risk indicators, and considers possible control issues brought to their attention by their departments. The senior management team and the Audit Committee also receive regular reports from internal audit, which include recommendations for improvement. The Audit Committee's role in this area is confined to a high level review of the arrangements for internal control. The Board's agenda during the year includes a consideration of risk and control and it 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 September and December 2015 meetings the Board carried out the annual assessment for the year ended 31 July 2015 by considering documentation from senior management team and internal audit and by taking account of events since 31 July 2015.

Based on the advice of the Audit Committee, informed by its auditors, and the Principal (Accounting Officer), the Corporation is of the opinion that the College does have 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*”.

### **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 Education Funding Agency of material irregularity, impropriety and non-compliance with Skills Funding Agency/Education Funding Agency terms and conditions of funding, under the financial memorandum/funding agreement in place between the College and the Skills Funding Agency / Education Funding Agency. As part of its consideration the Corporation has had due regard to the requirements of the financial memorandum/funding agreement.

We confirm, on behalf of the Corporation, that after due enquiry and ***to the best of its knowledge***, the Corporation believes it is able to identify any material irregular or improper use of funds by the College, or material non-compliance with the Skills Funding Agency/Education Funding Agency’s terms and conditions of funding under the College’s financial memorandum/funding agreement. We further 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 Education Funding Agency.

### **Going Concern**

After making appropriate enquiries the Board of Governors 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.

Approved by the Board of Governors  
and signed on behalf of the Board by:

David Rosbottom  
Chair  
7 December 2015

Louise Tipping  
Principal  
7 December 2015

## STATEMENT OF RESPONSIBILITIES OF THE MEMBERS OF THE BOARD OF GOVERNORS

The Members of the Board of the College 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, The EFA and the Board of the College, the corporation, through its Principal, is required to prepare financial statements for each financial year, in accordance with the 2007 Statement of Recommended Practice – Accounting for Further and Higher Education Institutions, and with the *Accounts Direction for 2014 to 2015 Financial Statements* issued jointly by the Skills Funding Agency and the Education Funding Agency, and which give 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 Board is required to:

- select suitable accounting policies and then 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 Board is also required to prepare an operating and financial review which describes what it is trying to do and how it is going about it, including the legal and administrative status of the College.

The Board is responsible for keeping proper accounting records, which disclose with reasonable accuracy, at any time, the financial position of the College and which 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 Board of Governors 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 Skills Funding Agency (SFA) and the Education Funding Agency (EFA) are used only in accordance with the Financial Memorandum/ Funding Agreement with the SFA and EFA and any other conditions that they may from time to time prescribe. Members of the Board of Governors must ensure that there are appropriate financial and management controls in place sufficient to safeguard public and other funds and ensure that they are used properly. In addition, Members of the Board are responsible for securing the 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 by the SFA and EFA are not put at risk.

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

David Rosbottom  
Chair  
7 December 2015

**INDEPENDENT AUDITORS' REPORT TO THE GOVERNING BODY OF WINSTANLEY COLLEGE**

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

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

**Respective responsibilities of Members of the Governing Body of Winstanley College and the auditors**

As explained more fully in the Statement of the Responsibilities of the Members of the Governing Body as set out on page 21, the Governing Body 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**

An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of: whether the accounting policies are appropriate to the College's circumstances and have been consistently applied and adequately disclosed; the reasonableness of significant accounting estimates made by the Governing Body; and the overall presentation of the financial statements. In addition, we read all the financial and non-financial information in the Operating and Financial Review to identify material inconsistencies with the audited financial statements. If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report.

**Opinion on financial statements**

In our opinion the financial statements:

- give a true and fair view of the state of the College's affairs as at 31 July 2015 and of the College's surplus of income over expenditure for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been properly prepared in accordance with the Statement of Recommended Practice – Accounting for Further and Higher Education.

**INDEPENDENT AUDITORS' REPORT TO THE GOVERNING BODY OF WINSTANLEY COLLEGE  
Opinion on other matters prescribed by the Joint Audit Code of Practice issued by the Skills  
Funding Agency and the Education Funding Agency**

In our opinion:

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

Murray Smith LLP  
Chartered Accountants and Statutory Auditors  
Darland House  
44 Winnington Hill  
Northwich  
Cheshire  
CW8 1AU

7 December 2015

**INCOME AND EXPENDITURE ACCOUNT**  
**For the year ended 31 July 2015**

	Note	2015 £'000	2014 £'000
<b>INCOME</b>			
Funding body grants	2	8,773	8,724
Tuition fees and education contracts	3	159	136
Other grant income	4	83	72
Other operating income	5	53	54
Investment income	6	47	72
<b>Total income</b>		<b>9,115</b>	<b>9,058</b>
<b>EXPENDITURE</b>			
Staff costs	7	5,990	5,811
Other operating expenses	9	1,884	1,805
Depreciation	13	859	742
Interest payable and other finance costs	10	-	-
<b>Total expenditure</b>		<b>8,733</b>	<b>8,358</b>
<b>Surplus on continuing operations after depreciation of tangible fixed assets at valuation and before tax</b>		<b>382</b>	<b>700</b>
Taxation	11	-	-
<b>Surplus on continuing operations after depreciation of assets at valuation, disposal of assets and tax retained by the College</b>	12	<b>382</b>	<b>700</b>

A Statement of Total Recognised Gains and Losses has not been prepared for the current and prior year since there are no significant gains or losses arising other than the surplus for the current and prior years.

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

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

	<b>Note</b>	<b>2015</b> <b>£'000</b>	<b>2014</b> <b>£'000</b>
Surplus on continuing operations before taxation		382	700
Difference between historical cost depreciation and the actual charge for the year calculated on the revalued amount	19	74	73
<b>Historical cost surplus for the year before taxation</b>		<u>456</u>	<u>773</u>
<b>Historical cost surplus for the year after taxation</b>		<u>456</u>	<u>773</u>

**BALANCE SHEET**  
**31 July 2015**

	Note	2015 £'000	2014 £'000
<b>FIXED ASSETS</b>			
Tangible assets	13	<u>17,770</u>	<u>17,396</u>
<b>CURRENT ASSETS</b>			
Stocks		4	6
Debtors	14	65	94
Cash at bank and in hand		<u>4,740</u>	<u>4,948</u>
		4,809	5,048
<b>CREDITORS: amounts falling due within one year</b>	15	<u>(525)</u>	<u>(753)</u>
<b>NET CURRENT ASSETS</b>		<u><b>4,284</b></u>	<u><b>4,295</b></u>
<b>TOTAL ASSETS LESS CURRENT LIABILITIES</b>		22,054	21,691
<b>CREDITORS: amounts falling due after one year</b>	16	-	(18)
<b>NET ASSETS</b>		<u><u><b>22,054</b></u></u>	<u><u><b>21,673</b></u></u>
<b>DEFERRED CAPITAL GRANTS</b>	18	<u>3,366</u>	<u>3,367</u>
<b>RESERVES</b>			
Revaluation reserve	19	2,225	2,299
Income and expenditure account	20	<u>16,463</u>	<u>16,007</u>
<b>TOTAL RESERVES</b>		<u>18,688</u>	<u>18,306</u>
<b>TOTAL FUNDS</b>		<u><u><b>22,054</b></u></u>	<u><u><b>21,673</b></u></u>

These financial statements on pages 24 to 44 were approved and authorised for issue by the Board on the 7 December 2015 and were signed on its behalf by:

David Rosbottom  
Chair

Louise Tipping  
Principal and Accounting Officer

**CASH FLOW STATEMENT**  
For the year ended 31 July 2015

	Note	2015 £'000	2014 £'000
<b>Cash flow from operating activities</b>	22	932	920
Returns on investments and servicing of finance	24	51	110
Capital expenditure and financial investment	24	(1,156)	(2,777)
Management of liquid resources	24	-	-
Financing	24	(35)	(35)
		<u>          </u>	<u>          </u>
<b>(Decrease)/increase in cash for the year</b>	23	<b>(208)</b>	<b>(1,782)</b>
		<u>          </u>	<u>          </u>
<b>Reconciliation of net cash flow to movement in net funds</b>			
Decrease in cash in the year		(208)	(1,782)
Cash used to repay debt / (raised from new loans)		35	35
		<u>          </u>	<u>          </u>
Changes in net funds resulting from cash flows	23	(173)	(1,747)
		<u>          </u>	<u>          </u>
Movement in net funds in year		(173)	(1,747)
Net funds at 1 August		4,895	6,642
		<u>          </u>	<u>          </u>
<b>Net funds at 31 July</b>	23	<b>4,722</b>	<b>4,895</b>
		<u>          </u>	<u>          </u>

## NOTES TO THE ACCOUNTS

### For the year ended 31 July 2015

#### 1. ACCOUNTING POLICIES

##### Statement of Accounting Policies

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

##### Basis of preparation

The financial statements are prepared in accordance with the statement of recommended practice (SORP) Accounting for Further and Higher Education 2007 and in accordance with applicable United Kingdom Accounting Standards. They also conform to guidance published jointly by the SFA and EFA in the Accounts Direction 2014 to 2015 for Financial Statements.

##### 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.

##### Recognition of income

Funding Agency recurrent grants are recognised in line with best estimates for the period of what is receivable and depend on the particular income stream involved. Any under or over achievement for the adult learner responsive funding element 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. Employer responsive grant income is recognised based on a year-end reconciliation of income claimed and actual delivery. 16-18 learner-responsive funding is not normally subject to reconciliation and is therefore not subject to contract adjustments.

Income from Tuition Fees is recognised in the period for which it is received and includes all fees chargeable to students. The costs of any fees waived by the college are included as expenditure in Note 9.

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

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

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

##### Post Retirement Benefits

Retirement benefits to employees of the college are provided by the Teachers' Pension Scheme (TPS) and the Greater Manchester Pension Fund (GMPF). These are defined benefit schemes which are externally funded and contracted out of the State Earnings Related Pension Scheme (SERPS).

Contributions to the schemes are charged to the income and expenditure account 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 triennial valuations for the Greater Manchester Pension Fund using the projected unit method and quinquennial valuations for the Teachers' Pension Scheme using a prospective benefit method. As stated in note 21 both the TPS and the GMPF smaller colleges pool are multi-employer schemes 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 and GMPF are therefore treated as defined contribution schemes and the contributions are recognised as they are paid each year.

## NOTES TO THE ACCOUNTS

### 1. ACCOUNTING POLICIES (continued)

#### Tangible fixed assets

##### Land and buildings

Land and buildings inherited from the Local Education Authority are stated in the balance sheet at valuation on the basis of depreciated replacement cost, as the open market value for existing use was not readily obtainable. Land and buildings were valued by Edwards & Co, a firm of independent chartered surveyors. Land and buildings acquired since incorporation are included in the balance sheet at cost. Freehold land is not depreciated. Freehold buildings are depreciated over their expected useful economic life to the College of 50 years.

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

A review of the 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 FRS15, the college followed the transitional provision to retain the book value of land and buildings, which were re-valued in 1994, but not to adopt a policy of periodic revaluations of these properties in the future. These values are retained subject to the requirement to test assets for impairment in accordance with FRS11.

##### Assets under construction

Assets under construction are accounted for at cost, based upon the value of architects' certificates and other direct costs, incurred to 31 July. They are not depreciated until they are brought into use.

Where the college is undertaking development work such as development of plans for the construction of a new building, it will write off to the income and expenditure account any related costs, until such time as the point of certainty of proceeding has crystallised. This point of certainty may depend upon approval from local planning office or from the funding council if grants are required for the project to proceed. Specifically for EFA projects the point of certainty will be taken as approval of an Application in Detail.

Where a grant is payable by the funding council in support of development work, and this development has not yet reached a point of certainty, then this grant will be released to income and expenditure in proportion to the write off of development costs to which the grant relates.

##### Subsequent expenditure on existing fixed assets

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

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

##### Equipment

Equipment costing less than £500 per individual item is written off to the income and expenditure account in the period of acquisition except for certain desirable items costing more than £200. All other equipment is capitalised at cost. Equipment inherited from the Local Education Authority is included in the balance sheet at the Board of Governor's best estimate of depreciated replacement cost.

## NOTES TO THE ACCOUNTS

### 1. ACCOUNTING POLICIES (continued)

Equipment is depreciated over its useful economic life as follows:

General equipment	20% per year
Computer equipment	33% per year
Furniture and Plant	5%-10% per year

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

#### Stocks

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

#### Operating Leases

Costs in respect of operating leases are charged to the income and expenditure account on a straight line basis over the term of the lease.

#### Maintenance of premises

The cost of routine corrective maintenance is charged to the income and expenditure account in the period it is incurred. The College has a 10-year planned maintenance programme, which is reviewed on an annual basis.

#### 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 by 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 receives no similar exemption in respect of Value Added Tax. The college is exempted from levying VAT on most of the services it provides to students. For this reason the College is generally unable to recover input VAT it suffers on goods and services purchased. Non pay expenditure and fixed asset additions are therefore shown inclusive of VAT. The college is not registered for VAT and is unable to make any partial recovery of VAT.

#### Liquid Resources

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

#### Provisions

Provisions are recognised when the College has a present legal or constructive obligation as a result of a past event and 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 Bursary Funds. Related payments received from the funding Agencies and subsequent disbursements to students are excluded from the income and expenditure account, and are shown separately in Note 28 except for the 5 per cent of the grant received which is available to the College to cover administration costs relating to the grant. The College employs one member of staff whose duties include the administration of Bursary Fund applications and payments.

## NOTES TO THE ACCOUNTS

## 2. FUNDING BODY GRANTS

		2015 £'000	2014 £'000
EFA 16-18 funding	Recurrent	7,935	7,860
EFA transitional protection (Entitlement funding)	Non recurrent	-	105
EFA formula protection funding	Non recurrent	471	464
EFA / LA High needs student funding	Non recurrent	8	28
SFA 19+ student funding	Recurrent	7	5
Release of EFA maintenance grants (BCIF) (note 9)	Non recurrent	224	146
Release of EFA formula maintenance grant	Recurrent so far	48	47
Releases of Funding Agency deferred capital grants (note 18)	Non recurrent	80	69
Bursary funds & Free school meals ( see note 28)	Non recurrent	-	-
		<u>8,773</u>	<u>8,724</u>

Education funding Agency and Skills Funding agency recurrent grants are shown above as recurrent, and non-recurrent grants are shown as non-recurrent, depending upon whether they are payable year on year or only intermittently or are being withdrawn.

Entitlement funding of £631k which supported tutorial and other non-exam based provision such as team sport and other enrichment programmes was funded within recurrent grant up to 2011. This funding was phased out by 31 July 2014 after a three year period of transitional protection. "Funding simplification" is to follow the entitlement cut and will result in a further anticipated cut of £464k per year from 1 August 2016. The long view of these two funding changes is a progressive cut of £1.1m or 12% of 2011 funding before inflation. The real terms impact is therefore closer to 20%. Funding per student will fall to £4,074 reaching its lowest level since 2003-04 when our 1,647 students were then worth £3,994 each. Back in 2004-5 funding was then increased to the "premium funding rate to recognise the outstanding Ofsted inspection that year, and additional funding was provided as the employer rate for the Teachers' Pension scheme was increased from 8.35% to 13.5% and our funding per student rose to £4,194. Austerity has certainly taken a large bite out of funding for post 16 and A level education.

Release of deferred capital grants in 2015 includes amounts from the college improvement fund (BCIF) which has been used to refurbish B corridor, this grant was bid for successfully in addition to the formula based grant. Grants related to replacement assets under construction will be released in future years once these assets begin depreciating. The increase from £69k to £80k is due to release of prior year BCIF grants related to the new Library and Science blocks.

## NOTES TO THE ACCOUNTS

## 3. TUITION FEES AND EDUCATION CONTRACTS

	2015 £'000	2014 £'000
Education Contracts	-	-
Tuition Fees:- Home and EU	99	98
	60	38
Non EU	-	-
	<u>159</u>	<u>136</u>

Home and EU fees include 19+ students and music lessons. The college successfully piloted a full cost Diploma in Acting in association with the Academy of Live and Recorded Arts Wigan (ALRA) . The above figure includes fees of £nil paid by employers of students.

## 4. OTHER GRANT INCOME

	2015 £'000	2014 £'000
Sponsorship support for Abraham Guest Academy	25	29
LSIS Project Grants & Staff Recovery	8	2
Careers for schools	30	25
Other grants Sport England and Lottery	20	16
	<u>83</u>	<u>72</u>

## 5. OTHER OPERATING INCOME

	2015 £'000	2014 £'000
Catering operations	29	34
Other income	24	20
	<u>53</u>	<u>54</u>

## 6. INVESTMENT INCOME

	2015 £'000	2014 £'000
Other interest receivable	47	72
	<u>47</u>	<u>72</u>



## NOTES TO THE ACCOUNTS

## STAFF COSTS (continued)

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

	Year ended 31 July 2015		Year ended 31 July 2014	
	Number Senior post- Holders	Number Other staff	Number Senior post- Holders	Number Other staff
£60,001 to £70,000	-	-	-	-
£70,001 to £80,000	1	-	1	-
£80,001 to £90,000	-	-	-	-
£90,001 to £100,000	1	-	1	-

## 8. SENIOR POST-HOLDERS EMOLUMENTS

Senior Post-holders are defined as the Principal (or Accounting Officer) and holders of the other senior posts whom the Board have selected for the purposes of the articles of government of the College relating to the appointment and promotion of staff who are appointed by the Board of Governors.

	2015	2014
The number of senior post-holders including the Principal was:	4	4
Senior post-holders' emoluments are made up as follows:	£'000	£'000
Salaries	242	229
Benefits in kind	-	-
Pension contributions	35	33
	<u>277</u>	<u>262</u>

The above emoluments include amounts payable to the Principal and the highest paid senior post holder of:

	Year ended 31 July 2015 £'000 Principal	Year ended 31 July 2014 £'000 Principal	Year ended 31 July 2014 £'000 Former Principal	Year ended 31 July 2014 £'000 Vice Principal
Salary	92	71	6	75
Benefits in kind	-	-	-	-
Pension contributions	13	10	1	11

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

The members of the Board of Governors other than the Principal 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.

None of the senior post-holders or higher paid members of staff or Governors made any trip overseas at a cost to the college in 2014-15. No compensation for loss of office or payment in lieu of notice was made to any existing or former senior post holder in the period.

## NOTES TO THE ACCOUNTS

## 9. OTHER OPERATING EXPENSES

	2015 £'000	2014 £'000
Teaching Departments	221	221
Teaching Support Services – Libraries	13	32
Teaching Support Services – IT	77	71
Teaching Support Services – Study Support	9	15
Other Support Services – Staff Training	82	71
Other Support Services – Careers welfare and student services	12	6
Other Support Services – Subsidy towards student travel costs	17	22
Administration and Central Services	162	166
General Education Expenditure – Schools liaison & admissions	103	89
General Education Expenditure – Examinations	418	453
Premises – Running Costs	285	279
Premises – Routine Maintenance	117	112
Planned Maintenance & Refurbishments	360	252
Loss on disposal of Fixed Assets	2	9
Catering	6	7
	<u>1,884</u>	<u>1,805</u>
Teaching related expenses	320	339
Administration and non-teaching related expenses	802	823
Property related expenses	762	643
	<u>1,884</u>	<u>1,805</u>
Other operating expenses include:		
Auditors' remuneration		
Financial Statements & Regularity Auditors	9	9
Internal Auditors	7	7
Hire of Equipment –operating leases	19	19
	<u>          </u>	<u>          </u>

The college approved a more modest accommodation strategy in 2010 following the cancellation of rebuilding projects by the LSC and is working to repair the estate which had suffered under-investment during the four years 2005-2009. This is leading to higher planned maintenance and refurbishment costs. The college is grateful for the contribution that the EFA is making to ongoing repairs via the BCIF grant see note 2.

## 10. INTEREST PAYABLE

	2015 £'000	2014 £'000
On bank loans, overdrafts and other loans:		
Repayable wholly or partly in less than 5 years	-	-
Other interest payable	-	-
	<u>          </u>	<u>          </u>
Total interest payable	<u>          </u>	<u>          </u>

## NOTES TO THE ACCOUNTS

## 11. TAXATION

The governors do not believe the College was liable for any corporation tax arising out of its activities during this year. Input VAT remains an irrecoverable cost to the college which is inequitable as academies, Free schools, UTCs and local authority sixth forms are able to recover VAT. VAT is suffered both on non-pay costs and capital expenditure.

## 12. SURPLUS ON CONTINUING OPERATIONS FOR THE YEAR

	2015 £'000	2014 £'000
The surplus on continuing operations for the year is made up as follows:		
College's surplus for the year	382	700

## 13. TANGIBLE FIXED ASSETS

	Freehold Land and Buildings £'000	Equipment £'000	Assets Under Construction £'000	Total £'000
<b>Cost or valuation</b>				
At 1 August 2014	15,297	4,657	3,863	23,817
Additions	-	353	882	1,235
Disposals	-	(97)	-	(97)
Reclassified	3,613	-	(3,613)	-
At 31 July 2015	18,910	4,913	1,132	24,955
<b>Depreciation</b>				
At 1 August 2014	3,461	2,960	-	6,421
Charge for the year	396	463	-	859
Eliminated in respect of disposals	-	(95)	-	(95)
At 31 July 2015	3,857	3,328	-	7,185
<b>Net book value</b>				
At 31 July 2015	15,053	1,585	1,132	17,770
At 31 July 2014	11,836	1,697	3,863	17,396
Inherited	2,225	-	-	2,225
Financed by capital grant	3,270	96	-	3,366
Other	9,558	1,489	1,132	12,179
At 31 July 2015	15,053	1,585	1,132	17,770

Land and buildings were valued for the purpose of the 1994 financial statements at depreciated replacement cost by Edwards & Co, a firm of independent chartered surveyors. Other tangible fixed assets inherited from the Local Education Authority at incorporation were valued by the Board at their best estimate of depreciated replacement cost and have not been updated since. The historic cost of the assets is nil. The transitional route set out in FRS15 Tangible Fixed Assets has been applied on implementing FRS15. Accordingly the book values at implementation have been retained.

Land and buildings, and equipment with net book values of £3,270k and £96k respectively have been financed by exchequer funds through the receipt of capital grants. Should these assets be

## NOTES TO THE ACCOUNTS

sold, the college may be required, under the terms of the Financial Memorandum with the Skills Funding Agency and EFA to surrender the proceeds of sale.

## 14. DEBTORS

	2015	2014
	£'000	£'000
<b>All amounts falling due within one year</b>		
Other debtors	10	36
Interest receivable	20	24
Prepayments and accrued income	32	32
Sport Maker Grant (Sport England)	3	2
	<u>65</u>	<u>94</u>

## 15. CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	2015	2014
	£'000	£'000
EFA / SFA funds received in advance	-	-
Funding Agency capital grants received in advance (note 18)	-	11
Retainers for major projects	86	-
Big Lottery Grant	-	10
NAS Project	24	30
SportMaker Grant (Sport England)	10	-
Ogden Trust & STEM	2	5
Trade creditors	112	180
Other creditors and accruals	67	260
Salix energy efficiency loans	18	35
Other taxation and social security	104	100
Pensions and other payroll related creditors	93	95
Refundable Book Deposit	9	27
	<u>525</u>	<u>753</u>

A secured loan facility of £750,000 was arranged in September 2001 and was fully repaid during 2007-2008. Under the terms of the secured loan the Co-operative Bank plc still holds a residual first legal charge over the freehold property known as Winstanley College dated 28/09/2001.

## 16. CREDITORS: AMOUNTS FALLING DUE AFTER MORE THAN ONE YEAR

	2015	2014
	£'000	£'000
Salix energy efficiency loans	-	18
	<u>-</u>	<u>18</u>

Salix energy efficiency loans were used to purchase energy saving equipment in 2011. Were the college to sell the assets purchased then it would have to repay the loan to Salix. The loans are repaid over five years using savings generated from the equipment which has included a voltage optimiser, replacement heating plant and cavity wall insulation. At the year end the college has applied for a follow on loan of £17,000 for additional LED lighting replacement.

## NOTES TO THE ACCOUNTS

## 17. BORROWINGS

Energy efficiency loans are repayable as follows:	<b>2015</b>	<b>2014</b>
	<b>£'000</b>	<b>£'000</b>
In one year or less	18	35
Between one and two years	-	18
Between two and five years	-	-
	<u>18</u>	<u>53</u>
Total	<u><u>18</u></u>	<u><u>53</u></u>

The energy efficiency loans are repayable half yearly up to September 2015. They are interest free as long as repayments are made on time. If the assets financed by the loans were sold then the loans would become repayable immediately.

## 18. DEFERRED CAPITAL GRANTS

	EFA £'000 Land & Buildings	EFA £'000 Equipment	EFA £'000 Total
At 31 July 2014	3,346	21	3,367
Received in advance at 1 August 2014 (note 15)	-	11	11
Received relating to capital equipment	-	68	68
Released to income and expenditure account	(76)	(4)	(80)
Received but not yet spent at 31 July 2015 (note 15)	-	-	-
	<u>3,270</u>	<u>96</u>	<u>3,366</u>
As at 31 July 2015	<u><u>3,270</u></u>	<u><u>96</u></u>	<u><u>3,366</u></u>

In 2011 the EFA announced a building condition improvement grant for sixth form colleges (BCIF) and the college received £1.2m to replace its 1950s flat roof. The college applied in 2012 for a second grant of £572,000 of which £288,000 was received in the year to 31 July 2014 and £284,000 in the prior year. This supported part of the cost of the replacement Library. An application for BCIF in 2013 was unsuccessful, however in 2014-15 a further BCIF grant has been awarded of £438k to support refurbishment works and IT infrastructure upgrades. In the year to 31 July 2015 £293,000 of the 2014-2015 BCIF grant has been received and spent on repair works in addition to the equipment above. A further bid for CIF grant to refurbish the sports hall in 2015 proved to be unsuccessful.

The college received £11,000 grant towards DDA works in 2006. The college intended to use this fund to purchase a shower and hoist for disabled students following the unsuccessful BCIF bid these plans are currently being reassessed and the grant has been treated as utilised.

## 19. REVALUATION RESERVE

	<b>2015</b>	<b>2014</b>
	<b>£'000</b>	<b>£'000</b>
At 1 August 2014	2,299	2,372
Transfer from revaluation reserve to income and expenditure account	(74)	(73)
	<u>2,225</u>	<u>2,299</u>
At 31 July 2015	<u><u>2,225</u></u>	<u><u>2,299</u></u>

## NOTES TO THE ACCOUNTS

## 20. INCOME AND EXPENDITURE ACCOUNT

	<b>2015</b>	<b>2014</b>
	<b>£'000</b>	<b>£'000</b>
At 1 August 2014	16,007	15,234
Transfer from revaluation reserve to income and expenditure account	74	73
Surplus on continuing operations after depreciation of assets at valuation and tax	382	700
<b>At 31 July 2015</b>	<b>16,463</b>	<b>16,007</b>

## 21. PENSION AND SIMILAR OBLIGATIONS

The College's employees belong to two pension schemes, the Teachers' Pension Scheme England and Wales (TPS) for teaching and related staff; and the Local Government Pension Scheme for non-teaching staff which is managed by the Greater Manchester Pension Fund (GMPF). Both are defined benefit schemes.

<b>Total Pension costs for the Year</b>	<b>2015</b>	<b>2014</b>
	<b>£'000</b>	<b>£'000</b>
TPS employer contributions paid	494	482
LGPS employer contributions paid	185	151
Other pension costs (note 7)	679	633

The pension costs are assessed in accordance with the advice of independent qualified actuaries. The latest formal actuarial valuation of the TPS was 31 March 2012, although the results were only finally published until June 2014, and of the LGPS 31 March 2013. There were no outstanding or prepaid contributions at either the beginning or the end of the year. Contributions payable to the scheme at 31 July are shown within creditors.

**Teachers' Pension Scheme (TPS)**

The Teachers' Pension Scheme TPS is a statutory, contributory, defined benefit scheme. The regulations under which the TPS operates are the Teachers' Pensions Regulations 2010, and from 1 April 2014, by the Teachers' Pension Scheme Regulations 2014. These regulations apply to teachers in schools and other educational establishments, in England and Wales, maintained by local authorities, to teachers in many independent and voluntary-aided schools and academies, and to teachers and lecturers in establishments of further and higher education and sixth form colleges. Membership is automatic for full-time teachers and from 1 January 2007 automatic too for part time teachers following an appointment or change of contract. Teachers are able to opt out of the TPS.

**The Teachers' Pension Budgeting and Valuation**

Although teachers may be employed by various bodies, their retirement and other pension benefits, including annual increases payable under the Pensions (Increase) Acts are as provided for in the Superannuation Act 1972, paid out of 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 pensions' 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**

*Not less than every four years* the Government Actuary ("GA"), using normal actuarial principles, conducts a formal actuarial review of the TPS. The primary purpose of the formal actuarial valuations is to set employer and employee contribution rates. 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

## NOTES TO THE ACCOUNTS

Department for Education (the Department) on 9 June 2014. The key results of the valuation and the subsequent consultation are:

- employer contribution rates were set at 16.48% of pensionable pay (including a 0.08% levy for administration); (see scheme changes below.)
- total scheme liabilities for service to the effective date of £191.5 billion, and notional assets of £176.6 billion, give a notional past service deficit of £14.9 billion;
- an employer cost cap of 10.9% of pensionable pay will be applied to future valuations.

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

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

### Scheme Changes

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

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

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

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

The pension costs paid to TPS in the year amounted to £835,000 (Employer £494k, Employees £341k) (2014: £797,000).

### Scheme Changes

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

From 1 April 2012 to 31 March 2014 the employee contribution rate ranged between 6.4% and 8.8%, depending upon a member's Full Time Equivalent salary with Employer contributions set at 14.1%. With effect from 1 April 2014 the employee contribution rates were increased and ranged between 6.4% and 12.4% depending upon a member's full time equivalent salary, with Employer contributions set to increase to 16.48% from September 2015. This is expected to add around £80,000 per year to teaching wage costs at a time of funding cuts.

### Valuation of the Greater Manchester Pension Fund (GMPF)

The scheme available to non-teaching staff is the Greater Manchester Pension Fund (GMPF). The GMPF is a final salary defined benefit scheme, the assets of the scheme for Winstanley College are held in a pool with other sixth form colleges for actuarial valuation purposes. The total pension contribution made by the College to the Scheme for the year ended 31 July 2015 was £256,243 of which employer's contributions totalled £185,225 and employee's contributions £71,017. The agreed employee contribution rates for future years are with effect from April 2008, a tiered system of seven rates related to levels of pensionable pay – these range from 5.5% to 7.5%. The agreed employer contribution rates are due to increase from 14.9% year to 31 March 2014, 15.6 % year to 31 March 2015 16.3% to 31 March 2016 reaching 17% by the year to 31 March 2017.

The pensions cost is assessed every three years in accordance with advice of an independent qualified actuary. The latest published actuarial valuation of the scheme was at 31 March 2013. The assumptions and other data that have the most significant effect on the determination of the contribution levels are as follows:

## NOTES TO THE ACCOUNTS

Actuarial Method	Projected Unit Method
Investment returns	4.8% per annum
Salary scale increases	3.55% per annum
Rate of increase in pensions	2.5% per annum
Market value of assets at date of valuation	£12,590 million
Proportion of members' accrued benefits covered by the actuarial value of the assets	90.5%

## FRS 17

Under the definitions set out in Financial Reporting Standard 17 (Retirement Benefits) the TPS and GMPF smaller college pool are multi-employer pension schemes. The college is unable to identify its share of the underlying assets and liabilities of the schemes.

Accordingly, the college has taken advantage of the exemption in FRS 17 and accounted for its contributions as if they were defined contribution schemes. The college has set out above the information available on the scheme and the implications for the college in terms of the anticipated contribution rates.

## 22. RECONCILIATION OF OPERATING SURPLUS TO NET CASH INFLOW FROM OPERATING ACTIVITIES

	2015 £'000	2014 £'000
Surplus on continuing operations after depreciation of assets at valuation	382	700
Depreciation (note 13)	859	742
Deferred capital grants released (note 18)	(80)	(69)
Loss on disposal of fixed assets	2	9
Decrease/(increase) in stocks	2	-
Interest payable (note 10)	-	-
(Increase)/decrease in debtors excluding interest receivable and grants (note 14)	26	(1)
Increase/(decrease) in amounts of Grants received (note 15)	(21)	(46)
Increase / (decrease) in creditors excluding grants and loans (note 16)	(191)	(344)
Interest receivable (note 6)	(47)	(72)
	<u>932</u>	<u>920</u>
Net cash inflow from operating activities	<u>932</u>	<u>920</u>

## 23. ANALYSIS OF CHANGES IN NET FUNDS

	31 July 2014 £'000	Cash flows £'000	31 July 2015 £'000
Cash at bank and in hand	4,948	(208)	4,740
Debt due within one year	(35)	17	(18)
Debt due after one year	(18)	18	-
	<u>4,895</u>	<u>(173)</u>	<u>4,722</u>

## NOTES TO THE ACCOUNTS

## 24. ANALYSIS OF CASH FLOWS FOR HEADINGS NETTED IN THE CASH FLOW STATEMENT

	2015 £'000	2014 £'000
<b>Returns on investments and servicing of finance</b>		
Interest received (and reduction in interest receivable)	51	110
Interest paid	-	-
	<u>51</u>	<u>110</u>
<b>Net cash inflow from returns on investments and servicing of finance</b>	<u>51</u>	<u>110</u>
<b>Capital expenditure and financial investment</b>		
Purchase of tangible fixed assets (note 13)	(1,235)	(2,777)
Deferred capital grants received (note 18)	79	-
	<u>(1,156)</u>	<u>(2,777)</u>
<b>Net cash inflow for capital expenditure and financial investment</b>	<u>(1,156)</u>	<u>(2,777)</u>
<b>Financing</b>		
Energy efficiency loans advanced	-	-
Repayment of amounts borrowed	(35)	(35)
	<u>(35)</u>	<u>(35)</u>
<b>Net cash inflow from financing</b>	<u>(35)</u>	<u>(35)</u>

## 25. CAPITAL COMMITMENTS

	2015 £'000	2014 £'000
Commitments contracted for at 31 July	10	1,025
	<u>10</u>	<u>1,025</u>
Authorised but not contracted for at 31 July	97	325
	<u>97</u>	<u>325</u>

The college was in the process of extending the Maths building during the summer of 2014. At the end of 2015 there was no large project in progress.

## 26. FINANCIAL COMMITMENTS

At 31 July 2015 the college had annual commitments under non-cancellable operating leases for equipment as follows:

	2015 £'000	2014 £'000
Expiring within one year	-	-
Expiring between two and five years inclusive	28	28
Expiring after more than five years	-	-
	<u>28</u>	<u>28</u>

## 27. RELATED PARTY TRANSACTIONS

Winstanley College is sponsor to the Abraham Guest Academy Trust. The Trust members are responsible for oversight of the Academy via its board of Directors. The college is represented by up to 4 in 5 members on the Trust, of which two are remaining subscribers, and the Trust in turn can appoint eight of the Directors of the Academy (50%). During the year to 31 July 2015, the college received £40,000 (2014 £45,000) refunded from government grants received by the

## NOTES TO THE ACCOUNTS

Academy to cover costs of college staff seconded to assist the academy and non pay costs related to advisory support. The £40,000 included £15,000 in respect of careers advisor work.

The college governors and staff will continue to work closely with the Academy governors and staff over the coming years. During the year to 31 July 2015 the college set up an improvement group to work with the academy principal and chair and employed consultants to undertake advisory and inspection work aimed at improving teaching and learning. Although a number of concrete actions were taken which will lead to future improvement in the medium term, GCSE results failed to reach floor. The regional commissioner for academies addressed the Winstanley board in July 2015 and suggested that the college might benefit from greater educational input through forming a Multi Academy Trust. Since the year end the College has continued to make interventions and support the Academy in its capacity of Sponsor and is in the process of investigating the steps necessary to convert from a single to a multi academy. The College Principal continues to meet regularly with the Academy Principal. The College Director of Finance & Resources continues to act as company secretary for the Academy. College governors continue to be members of the Academy Trust and serving and former governors populate some of the Academy board of Directors.

College Governors declare any interests at the start of every meeting of the Board and also complete an annual declaration of interest. College senior staff also complete annual declaration of interests.

## 28. AMOUNTS DISBURSED AS AGENT

	Year ended 31 July 2015 £'000s	Year ended 31 July 2014 £'000s
<b>Bursary Fund</b>		
Funding Agency income Bursary	120	112
Funding Agency Free Meals funding	24	-
College top up to funds	-	
Disbursed to Students:-		
Transport	(66)	(27)
Student bursary payments	(61)	(81)
Free Meals costs	(11)	-
Total Disbursed	<u>(138)</u>	<u>(108)</u>
Administration Costs	(6)	(4)
Balance (overspent) /unspent at 31 July	<u>(-)</u>	<u>(-)</u>

The government phased out the Education Maintenance Allowance (EMA) during 2012 as well as the former discretionary learner support fund. Both funds were replaced by a bursary fund where a certain level of grant is given to the college and the college makes bursary payments to students as it feels best supports their education.

Students in certain defined categories qualify for a £1,300 bursary, thereafter colleges are free to set their own levels of bursary award and qualifying income thresholds within the allocation it receives. In the year to 31 July 2015, 2 students qualified for defined bursaries and a further 251 discretionary bursaries were paid. (2014 2 defined and 209 discretionary)

The college has set the household income level for bursaries at the threshold of free school meals £16,190 and tried to match the former £20 EMA weekly support payment. However EFA funding for this level of support has been insufficient and the college has had to fund the gap for the past two years. In order to keep the fund within EFA resources the weekly payments to students were reduced to £15 per week for new students from 2013-14. The pupil premium paid to schools has been increased by 50% while the bursary fund will increase by 14%.

The college supported a student campaign for free school meals to match the support given to school children via the pupil premium and in 2014 the coalition government announced that

**NOTES TO THE ACCOUNTS**

changes will be made in future to ensure that 16-18 students also qualify for free school meals in a similar way to the pupil premium given to schools. This campaign led to an allocation of £24,000 to support FSM in 2014-15.

In the year to July 2015 64 students claimed free meals but actual take up was low owing to restrictions over what could or could not be purchased set by the funding agency, which were eventually relaxed. (There was no allocation in 2014). The funding has been sufficient to cover all college costs including administration. The college does not believe that it is due to repay any underspend of the Free Meals funding in 2015.

The college acts only as paying agent. The income and related disbursements are therefore excluded from the Income and Expenditure Account.

**NOTES TO THE ACCOUNTS****INDEPENDENT AUDITORS' REPORT ON REGULARITY TO THE GOVERNING BODY OF WINSTANLEY COLLEGE AND THE SECRETARY OF STATE FOR EDUCATION ACTING THROUGH THE EDUCATION FUNDING AGENCY**

This report is produced in accordance with the terms of our engagement letter for the purpose of reporting on the College's Statement of Regularity, Propriety and Compliance in respect of whether the transactions underlying the College's financial statements for the year ended 31 July 2015 are regular as defined by and in accordance with the Funding Agreement with Secretary of State for Education acting through the Education Funding Agency, in accordance with the authorities that govern them.

The regularity assurance framework that has been applied is set out in the Joint Audit Code of Practice and the Regularity Audit Framework published by the Skills Funding Agency and the Education Funding Agency.

Our review has been undertaken so that we might state to the Governing Body of Winstanley College and the Secretary of State for Education acting through the Education Funding Agency those matters we are required to state to them in a report and for no other purpose. This report is made solely to the Governing Body of Winstanley College and the Secretary of State for Education acting through the Education Funding Agency in accordance with the terms of our engagement letter. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Governing Body of Winstanley College and the Secretary of State for Education acting through the Education Funding Agency for our review work, for this report, or for the opinion we have formed.

**Responsibilities of the Governing Body of Winstanley College**

The Governing Body of Winstanley College is responsible under the requirements of the Further & Higher Education Act 1992, subsequent legislation and related regulations and guidance, for ensuring that financial transactions are in accordance with the framework of authorities which govern them and that transactions underlying the financial statements for the year ended 31 July 2015 are regular.

The Governing Body of Winstanley College is also responsible, under the requirements of the Accounts Direction 2014-15 published by the Skills Funding Agency and the Education Funding Agency for the preparation of the Statement on Regularity, Propriety and Compliance. The Statement confirms that, to the best of its knowledge, the Corporation believes it is able to identify any material, irregular or improper use of funds by the College, or material noncompliance with the Education Funding Agency's terms and conditions of funding under the College's funding agreement. It further confirms that any instances of material irregularity, impropriety or funding noncompliance discovered in the year to 31 July 2015 have been notified to the Education Funding Agency.

**Auditor's responsibilities**

Our responsibility is to express a reasonable assurance opinion in respect of whether the transactions underlying the College's financial statements for the year ended 31 July 2015 are in all material respects regular, based on the procedures that we have performed and the evidence we have obtained. Our reasonable assurance engagement was undertaken in accordance with the Joint Audit Code of Practice, the Regularity Audit Framework and our engagement letter. The International Standards on Auditing (UK and Ireland) and Joint Audit Code of Practice require that we plan and perform this engagement to obtain reasonable assurance in respect of the Assertion that the transactions underlying the financial statements are in all material respects regular.

**Basis of opinion**

We have performed procedures on a sample basis so as to obtain information and explanations which we consider necessary in order to provide us with sufficient appropriate evidence to express reasonable assurance that the College's Statement of Regularity, Propriety and Compliance is fairly stated in respect of whether the transactions underlying the College's financial statements are in all material respects regular for the year ended 31 July 2015.

## NOTES TO THE ACCOUNTS

### Opinion

In our opinion the College's Statement of Regularity, Propriety and Compliance is fairly stated in respect of whether the transactions underlying the College's financial statements are in all material respects regular for the year ended 31 July 2015.

Murray Smith LLP  
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7 December 2015