



ANNUAL REPORT AND FINANCIAL STATEMENTS

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FOR THE PERIOD ENDED 30 APRIL 2017
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PRIESTLEY
◆◆ COLLEGE ◆◆
WARRINGTON

PRIESTLEY COLLEGE
FINANCIAL STATEMENTS
Period ended 30 April 2017

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PRIESTLEY COLLEGE
REPORT OF THE GOVERNING BODY
Period ended 30 April 2017

NATURE, OBJECTIVES AND STRATEGIES

The members present their report and the audited financial statements for the period ended 30 April 2017.

Legal Status

The Corporation was established under the Further and Higher Education Act 1992 for the purpose of conducting Priestley College. The College is an exempt charity for the purposes of Part 3 of the Charities Act 2011. The Corporation was incorporated as Priestley College. From 1 April 2010 Priestley College became a designated sixth form College under the provisions of the Apprenticeships, Skills, Children and Learning Act of 2009.

Mission

In February 2015, the Governing Body reviewed the Corporation's Mission and Vision. After much discussion, it was agreed to change the Mission Statement and adopt the following:

"To inspire, challenge and support students to excel in learning and life."

Values

At Priestley College we value:

- **Learning** and the enjoyment of learning.
- Each **individual** and their needs and aspirations.
- **Achievements** and success which are both personal and academic.
- **Effort** and endeavour to maximise a person's full potential.
- **Partnership** based on respect and equality.

Public Benefit

Priestley College is an exempt charity under the Part 3 of the Charities Act 2011 and following the Machinery of Government changes in July 2016 is regulated by the Secretary of State for Education. The members of the Governing Body, who are trustees of the charity, are disclosed on pages 15-17.

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
- Widening participation and tackling social exclusion
- Excellent progression for students to employment or higher education
- Strong student support systems
- Links with employers, industry and commerce
- Links with Local Enterprise Partnerships (LEPS)
- Links with local community groups and sports clubs

PRIESTLEY COLLEGE
REPORT OF THE GOVERNING BODY (continued)
Period ended 30 April 2017

Implementation of Strategic Plan

In December 2015 the College adopted a Strategic Plan for the period 1 August 2015 to 31 July 2020. This strategic plan includes property and financial plans. The Corporation monitors the performance of the College against these plans. The plans are reviewed and updated each year. The College's continuing strategic objectives are:

1. To remain, and be recognised as, the region's number one provider of excellent Post 16 educational opportunities through the delivery of a range of high quality academic, vocational and adult programmes.
2. To maximise and exploit opportunities which guarantee the financial stability of the organisation.
3. To develop strategic partnerships (education/business/community) which are to the benefit of Priestley College and the Community we serve.

A number of operational strategies were developed in order to achieve the strategic objectives outlined above. These strategies did not encompass all ongoing activities but did set out the key priorities for taking the College forward in 2016/17.

Responsibility for delivering these strategies rests with members of the College's Senior Management Team who developed more detailed implementation plans as appropriate with teams of staff across the College.

Progress against the Strategic Plan is monitored regularly by the Senior Management Team and reports are received by the Governing Body against the targets which are set in the plan.

For 2016/17 the following operational objectives were formulated:

<p>1. To remain, and be recognised as, the region's number one provider of excellent Post 16 educational opportunities through the delivery of a range of high quality academic, vocational and adult programmes.</p>	<p>1.1 To develop a robust Quality Improvement Plan (QUIP) that is the key driver for sustained outstanding performance across the College.</p> <p>1.2 To become a founder member of the Warrington Challenge Trust</p> <p>1.3 Curriculum Development</p> <p>1.4 To further enhance Study Support systems and processes to ensure individual student needs are met and performance gaps closed</p> <p>1.5 To enhance the Campus and employer engagement to ensure the College is best placed to address the STEM agenda</p> <p>1.6 Adult Programme</p>
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PRIESTLEY COLLEGE
REPORT OF THE GOVERNING BODY (continued)
Period ended 30 April 2017

2. To maximise and exploit opportunities which guarantee the financial stability of the organisation	2.1 To maximise Year 11 recruitment to ensure 16-18 numbers in Year 1 rise by 50 in September 2016 and to raise local brand awareness 2.2 To seek opportunities to increase Income generation from non-government funded sources 2.3 To reduce staff costs through the rebalancing of Teaching/Business Support staff functions 2.4 To improve efficiency through the Increase of student: staff ratios 2.5 To enhance partnership activity 2.6 Seek to maximise efficiencies across a range of College functions 2.7 To raise funds for College development through successful external bids
3. To develop strategic partnerships (education/business/community) which are to the benefit of Priestley College and the Community we serve	3.1 To explore the benefits of becoming an academy possibly as part of a Warrington Multi Academy Trust 3.2 To enhance local partnerships 3.3 To further develop the STEM strategy including renewal of STEM Assured status 3.4 Safeguarding processes and practices to be refined through proactive partnerships 3.5 To enhance employer liaison/engagement activities 3.6 To run a comprehensive range of School liaison activities to engage pupils and staff

Achievement of Objectives in 2016/17

The timing of the Strategic Plan has changed to carry on beyond the end of the financial year so that it maps in with the Self Assessment and QUIP. The Operational Strategies for 2016/17 identified 76 targets and actions to be undertaken during the year. Governors and College Management recognise that progress is not measured by “number of satisfactorily completed actions” alone. *Qualitative* progress was also reviewed periodically by the Senior Management Team and reported to the Strategic Planning Committee during the year. The overall progress at the financial year end (mid-year point for plan) is summarised below:

	Operational Strategies	No of targets/ actions	Successful completion	Ongoing	No longer valid
1.1	To develop a robust Quality Improvement Plan (QUIP) that is the key driver for sustained outstanding performance across the College.	9	9	-	-
1.2	To become a founder member of the Warrington Challenge Trust	3	-	3	-
1.3	Curriculum Development	6	2	3	1
1.4	To further enhance Study Support systems and processes to ensure individual student needs are met and performance gaps closed	5	4	1	-
1.5	To enhance the Campus and employer engagement to ensure the College is best placed to address the STEM agenda	2	1	1	-
1.6	Adult Programme	3	3	-	-

PRIESTLEY COLLEGE
REPORT OF THE GOVERNING BODY (continued)
Year ended 30 April 2017

	Operational Strategies	No of targets/ actions	Successful completion	Ongoing	No longer valid
2.1	To maximise Year 11 recruitment to ensure 16-18 numbers rise by 50 in September 2016 and to raise local brand awareness	6	5	1	-
2.2	To seek opportunities to increase Income generation from non-government funded sources	3	1	2	-
2.3	To reduce staff costs through the rebalancing of Teaching/Business Support staff functions	2	1	1	-
2.4	To improve efficiency through the Increase of student: staff ratios	2	2	-	-
2.5	To enhance partnership activity	6	1	5	-
2.6	Seek to maximise efficiencies across a range of College functions	4	3	1	-
2.7	To raise funds for College development through successful external bids	2	1	1	-
3.1	To explore the benefits of becoming an academy possibly as part of a Warrington Multi Academy Trust	5	1	4	-
3.2	To enhance local partnerships	3	2	1	-
3.3	To further develop the STEM strategy including renewal of STEM Assured status	2	1	1	-
3.4	Safeguarding processes and practices to be refined through proactive partnerships	6	2	4	-
3.5	To enhance employer liaison/engagement activities	4	1	3	-
3.6	To run a comprehensive range of School liaison activities to engage pupils and staff	3	1	2	-
	Totals	76	41	34	1

The action/target shown under ‘No longer valid’ was the consequence of external developments beyond the College’s control. For the actions/targets shown as ongoing, each case was reviewed by the Senior Management Team and thereafter by the Governing Body. Most of the ‘ongoing’ actions/targets have now either been completed since the mid-year review or scheduled later in the year.

Financial Objectives

The College’s financial objectives are:

- to remain financially sound in order to protect itself from unforeseen adverse changes in enrolments
- to generate sufficient income to enable the maintenance and improvement of its accommodation and equipment.
- to maintain the confidence of funders, suppliers, bankers and auditors. In adopting a business-like attitude, the College will promote the awareness of College staff to the financial environment and funding pressures under which it operates.

A series of performance indicators have been agreed to monitor the successful implementation of the policies and are included within the monthly management accounting pack sent to Governors.

PRIESTLEY COLLEGE
REPORT OF THE GOVERNING BODY (continued)
Period ended 30 April 2017

Performance Indicators

FE Choices (formerly the ‘Framework for Excellence’) has two key performance indicators which apply to Sixth form Colleges:

- Success rates
- Learner destinations

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

FINANCIAL POSITION

Financial results

The College generated a deficit before other gains and losses in the period of (£350,000) (2015/16 – annual surplus of £104,000), with total comprehensive income of £567,000 (2015/16 – deficit of £257,000). The College has accumulated reserves of £11,445,000 and cash balances of 1,948,000 at 30 April 2017. The College, on 1st May 2017 transferred its accumulated reserves and cash balances, along with all assets and liabilities, to a 16-19 academy, called Priestley College, which formed part of The Challenge Academy Trust, a multi-academy trust.

The operational deficit is against a backdrop of increasing costs and reducing income. However, when the College looks at the operational cash flows, it should be noted that the College reports a surplus. This surplus is a real cash surplus and shows that the College is operating within its means. The College is pleased with the final outturn.

The College is heavily reliant upon the education sector funding bodies as its principal funding source, largely from recurrent grants. The College concentrates primarily on 16-18 education provision and this is reflected by it accounting for 98.12% of the College’s total income in the period to 30 April 2017 (2015/16 – 96.75%).

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.

Throughout the period, the College enjoyed an offset arrangement on its cash balances against its loan, thereby reducing the amount of interest payable. As a requirement of conversion to a 16-19 academy, the loan was repaid in full with no early resettlement fee. The repayment has reduced the College’s cash resources but it still has more than sufficient cash to continue to invest in the future. The College transferred its cash balances on 1 May 2017 to the academy. The College has a separate treasury management policy in place.

Short term borrowing for temporary revenue purposes is authorised by the Accounting Officer. Such arrangements are restricted by limits in the College’s Financial Memorandum agreed with the ESFA. All other borrowing requires the authorisation of the Corporation and shall comply with the requirements of the Funding Agreement.

PRIESTLEY COLLEGE
REPORT OF THE GOVERNING BODY (continued)
Period ended 30 April 2017

Cash flows

The operating cash flow for 2016/17 was strong at £549,000 (2015/16 - £851,000) in light of a reduction in 16-18 recurrent funding. The Corporation is pleased to report that the College was able to adjust its operations to take account of the reduction in income and operating cash flow. The closing position in net funds is pleasing as it is a surplus, after the College having invested some of its own funds into refreshing IT during the year.

Liquidity

Throughout the period, the Corporation has maintained as high a level of cash in order to offset against the interest charge on the outstanding loan. During the whole of the period and at 30 April 2017, the Corporation had a net surplus in terms of liquid assets and liabilities, even after repaying the bank loan at £2,025,000 in March 2017 as a requirement of conversion to a 16-19 academy. The improved cash position during the period has seen the interest charged on the loan at the lowest possible rate and the offset affords the College the opportunity to have more cash available to further its educational aims rather than being lost in interest charges.

Reserves Policy

Due to the lack of capital funding available, the reductions in funding and increasing costs, the Corporation is seeking to build reserves to allow it to undertake large capital projects e.g. a new building, whilst at the same time providing sufficient reserves to act as a contingency for an unforeseen difficult year or event. It is still continuing to invest year on year in IT and the maintenance of its estate. The Corporation has not set any limits yet as it has still to reach its target for the next new building.

CURRENT AND FUTURE DEVELOPMENT AND PERFORMANCE

Financial Health

The College has maintained an Outstanding financial health rating for over five years which has been confirmed by the ESFA. The final financial health rating for the College is ‘Good’. The College is debt free after repaying the bank loan in March 2017. The College operates on the basis of tight financial control of its budget and ensures that it remains within the level of income in the year, thereby ensuring a cash surplus each year.

Student Numbers

Funding targets and student numbers for the College’s main 16-19 provision were:

Number Of Learners	2016/17	2015/16	2014/15	2013/14
Funding Council Target	2,015	2,078	2,159	2,160
Achieved Number of Learners	1,965	2,011	2,077	2,152

PRIESTLEY COLLEGE
REPORT OF THE GOVERNING BODY (continued)
Period ended 30 April 2017

Student Numbers – continued

The College received an allocation of £141,615 (2016 - £129,818) from the Skills Funding Agency to deliver to adult learners. The College did not fulfil its allocation and is expecting to refund the amount undelivered from its allocation. The whole amount has not been provided for in these accounts as the allocation was transferred to the academy. The income earned to 30 April 2017 has been recognised and any funding received in excess of that amount has been included in current liabilities.

Quality of Provision

The College was last formally inspected in 2007 when it received a Grade 1 (Outstanding) for all aspects of the framework used at that time. In 2011 the College was inspected as part of a pilot for the new framework and no formal grades were published and the College continues to hold the Outstanding OFSTED grading.

However in 2013/14 the College's Self- Assessment Report (SAR) graded the College's overall effectiveness as Good under the new 2015 framework. The College was self-assessed as Good in the 2016/17 SAR.

Student achievements

The Sixth Form College results were once again outstanding overall with the following being particularly noteworthy:

- A 98.% pass rate on full year A2 courses for the eleventh year running. The introduction of linear A levels has reduced the pass rate slightly
- Improved AS results
- With an inclusive admissions policy, high grades at A*-C grades up by 5.1% to 72.7%
- 99% pass rate across all BTEC Extended Diplomas
- At GCSE we secured an excellent A*-C pass rate in IGCSE English of 69% (16-18) and for GCSE Maths A*-C a pass rate of 44% (16-18), both rates higher than national SFC rates.

During 2016/17, some 617 applications were sent to UCAS from a total eligible cohort of 845 (including Art Foundation), which equated to 73%, by the deadline. This represented a 8.6% increase on last year's 568. The number of students leaving for employment or apprenticeships has increased. In particular, the increase in higher level apprenticeships has seen an impact on university applications and students leaving earlier.

During 2015/16 the College was successfully reassessed by the STEM Foundation for our STEM Assured Status making us not only the first Sixth Form College to achieve this prestigious recognition but also to be revalidated. The Foundation were particularly impressed with the work we were doing to ensure students were encouraged to look at all routes into STEM related careers.

PRIESTLEY COLLEGE
REPORT OF THE GOVERNING BODY (continued)
Period ended 30 April 2017

Curriculum developments

Curriculum Areas worked hard during 2016/17 to bed in the new linear A Levels and continue working to improve delivery of those started the year before.

A number of areas have taken the opportunity to switch boards for either vocational or academic provision to ensure that the programmes on offer best fit with our students' needs.

The new AS in Classical Civilisation that was launched in 2015 was particularly successful securing a 100% pass rate. The College has also introduced new qualifications in Engineering and Architecture.

Unfortunately, a couple of subjects offered have been discounted from next academic year e.g. Archaeology. This unfortunately reduces the options open to students for their studies. The College will continue to look at developing its curriculum offer.

Payment Performance

The Late Payment of Commercial Debts (Interest) Act 1998, which came into force on 1 November 1998, requires Colleges, in the absence of agreement to the contrary, to make payments to suppliers within 30 days of either the provision of goods or services or the date on which the invoice was received. The target set by the Treasury for payment to suppliers within 30 days is 95 per cent. Unfortunately, the College's system cannot easily calculate this figure. However, the average creditor day ratio for the College was 20.8 days and the College incurred no interest charges in respect of late payment for this period.

Events After The End of the Reporting Period

On 1 May 2017, the Corporation transferred all assets and liabilities to The Challenge Academy Trust, a multi academy trust registered in England and Wales. The Corporation took to the decision to convert to a 16-19 academy following the Area Review recommendation.

Future Developments

The Corporation agreed with the Area Review recommendations and converted to a 16-19 academy whilst, also creating a multi academy trust called The Challenge Academy Trust. The trust focuses on education improvement for the Warrington area and by 1 July 2017 had grown to include 4 secondary schools and a primary school along with Priestley College.

RESOURCES

The College has a wide range of resources that it can deploy in pursuit of its strategic objectives and is always striving to improve the existing accommodation and facilities to further enhance the learner experience.

Financial

The College has £13.55m of net assets (including £960,000 pension liability).

People

The College employs 174 people (expressed as full time equivalents), of whom 104 are teaching staff.

PRIESTLEY COLLEGE
REPORT OF THE GOVERNING BODY (continued)
Period ended 30 April 2017

Reputation

The College has a good reputation locally, being the destination for just over 50% of all 16 year olds in Warrington. Maintaining a quality brand through the delivery of quality educational choices is essential for the College's success at attracting students and building external relationships.

PRINCIPAL RISKS AND UNCERTAINTIES

The Governing Body at its meeting on 7 July 2016 approved the College's 2016/17:

- Risk Management Policy.
- Risk Management Calendar.
- Risk Management Plan.

The policy sets out how risk management objectives will be met together with the underlying approach to risk management. Moreover, the roles of the Governing Body and the Risk Management Team (led by the Principal as Risk Management Champion) are clearly set out.

The 2016/17 Risk Management Calendar highlighted:

- Risk Management workshops.
- Updates to the Governors' Audit Committee and full Governing Body in December and July.
- The importance of a Mid-Year Review of the Risk Register.
- A formalised approach to the Annual Risk Management Report.

The College identified the following key broad risk areas in 2016/17:

- Safeguarding (including Health and Safety)
- Estates and Facilities
- Human Resources
- Funding Contracts
- Curriculum and Quality
- Legal and Insurance Issues
- Local Risks (mainly impacting on sixth form recruitment)
- National Initiatives
- Financial and Audit Issues
- FIS/MIS/IT/HR Systems Issues

From this, precise risks were identified for each broad risk area. Existing controls and monitoring arrangements were noted before developing an agreed action plan. The College's internal audit provider annually reviews the College's approach to risk management and corporate governance.

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

1. Government Funding

The College has considerable reliance on continued government funding through the education funding bodies. In 2016/17, 98.36% of the College's revenue was ultimately public funded and this

PRIESTLEY COLLEGE
REPORT OF THE GOVERNING BODY (continued)
Period ended 30 April 2017

1. Government Funding - continued

level of requirement is expected to continue. There can be no assurance that government policy or practice will remain the same or that public funding will continue at the same levels or on the same terms.

The College identified several issues which may impact on future funding:

- Under achievement of funding/learner numbers
- Changes to funding methodology
- Change in direction of government education policy
- Continued austerity measures due to government failure to reduce government borrowing

This risk is mitigated in a number of ways:

- Ensuring the College is rigorous in delivering high quality education
- Ensuring the College is focussed on those sectors which will continue to benefit from public funding
- Continual monitoring of learner numbers and controls in place to ensure retention and success rates are not compromised
- Staff maintaining their knowledge of funding methodologies through contact with the funding bodies, other similar providers in formal and informal networks
- Maintenance of relationships with funding bodies and other contractors
- Ensuring the student offer meets their needs and those of the wider community

2. Staff Costs

The loss of employers' National Insurance Contributions pension rebate during the year coupled with an increasing demand on contributions to fund pension liabilities in the two pension schemes available to staff and rising demands for larger pay increases is all putting pressure on staff costs. As regards the funding of pension liabilities, the financial statements report the share of the Local Government Pension Scheme deficit on the College's balance sheet in line with the requirements of FRS 17. The Scheme is about to have its triennial actuarial review and this may lead to requests for an increase to pension contributions. The College has successfully in the past accommodated changes by lump sum payments in order to keep the employer's rate lower. There is a prospect that the College may face the same decision of lump sum payments or a higher rate.

3. Academy Life

The College faces new challenges by converting to a 16-19 academy. The academy has less freedoms than a college and more bureaucratic demands. Also, the merger of systems could prove difficult. However, with careful planning, the conversion to the academy should be successful and a new chapter in Priestley College's life.

PRIESTLEY COLLEGE
REPORT OF THE GOVERNING BODY (continued)
Period ended 30 April 2017

STAKEHOLDER RELATIONSHIPS

As with all colleges, Priestley College has many stakeholders. These include:

- Students
- Staff
- Education Funding Agency
- Sixth Form Commissioner
- Skills Funding Agency
- Warrington Borough Council
- Local employers
- The wider local community
- The 11-19 Partnership
- Partner high schools
- The college sector as a whole
- Recognised Trade Unions
- Professional bodies including the Sixth Form Colleges' Association (SFCA) and the Association of Colleges (AoC)

The College recognises the importance of these relationships and seeks to work in partnership for the benefit of learners.

Equality

The 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, disability, religion or belief and age. We strive vigorously to remove conditions which place people at a disadvantage and we will actively combat bigotry. This policy is resourced, implemented and monitored on a planned basis. The College's Equality Policy is published on the College's Intranet site.

The College publishes an Annual Equality Report and Equality Objectives to ensure compliance with all relevant equality legislation including the Equality Act 2010. The College undertakes equality impact assessments on all new policies and procedures and publishes the results. Equality impact assessments are also undertaken for existing policies and procedures on a prioritised basis.

The College considers all employment applications from disabled persons, bearing in mind the aptitudes of the individuals concerned, and guarantees an interview to any disabled applicant who meets the essential criteria for the post. 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, as far as possible, provide identical opportunities to those of non-disabled employees.

Disability statement

The College seeks to achieve the objectives set down in the Equality Act 2010.

- a) As part of its accommodation strategy the College has updated its access audit. The results of the audit have formed the basis of future capital projects aimed at improving access.
- b) The College has a member of staff who provides information, advice and arranges support where necessary for students with disabilities.

PRIESTLEY COLLEGE
REPORT OF THE GOVERNING BODY (continued)
Period ended 30 April 2017

Disability statement - continued

- c) There is a list of specialist equipment which the College can make available for use by students and a range of assistive technology is available in the Learning Resource Centre.
- d) The admissions policy for all students is described in the College charter. Appeals against a decision not to offer a place are dealt with under the complaints policy.
- e) There are a number of student 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) Specialist programmes are described in College prospectuses, and achievements and destinations are recorded and published in the standard College format.
- g) Counselling and welfare services are described in the Student Handbook which is issued to students together with the Complaints and Disciplinary Procedure leaflets at induction.

Disclosure of Information to Auditors

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

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



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Date 14 December 2017

Chair S Yates

PRIESTLEY COLLEGE
PROFESSIONAL ADVISERS
Period ended 30 April 2017

Bankers:

Lloyds Bank
1 Horsemarket Street
Warrington
Cheshire
WA1 1TP

Solicitors:

Browne Jacobson
14th Floor
No. 1 Spinningfields
1 Hardman Square
Spinningfields
Manchester
M3 3EB

Independent Auditors:

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

Internal Auditors:

RSM (formerly Baker Tilly Business Services Ltd)
4 Ridge House
Ridge House Drive
Festival Park
Stoke-on-Trent
ST1 5SJ

PRIESTLEY COLLEGE
STATEMENT OF CORPORATE GOVERNANCE AND INTERNAL CONTROL
Period ended 30 April 2017

The following statement is provided to enable readers of the annual report and accounts of the College to obtain a better understanding of its governance and legal structure. This statement covers the period from 1st August 2016 to 30th April 2017 and up to the date of approval of the annual report and financial statements.

The College endeavours to conduct its business:

- i. in accordance with the seven principles identified by the Committee on Standards in Public Life (selflessness, integrity, objectivity, accountability, openness, honesty and leadership);
- ii. in full accordance with the guidance to colleges from the Association of Colleges in The Code of Good Governance for English Colleges (“the Code”); and
- iii. having due regard to the UK Corporate Governance Code 2016 insofar as it is applicable to the further education sector.

The College is committed to exhibiting best practice in all aspects of corporate governance and in particular the College/Board has complied with the Code apart from the provision of only two terms of office for Governors as the Governing Body believe that it is not always in the best interests of the Corporation to follow this. We have not adopted and therefore do not apply the UK Corporate Governance Code. However, we have reported on our Corporate Governance arrangements by drawing upon best practice available, including those aspects of the UK Corporate Governance Code we consider to be relevant to the further education sector and best practice.

In the opinion of the Governing Body, the College complies with/exceeds all but one of the provisions of the Code, and it has complied throughout the period ended 30 April 2017. In September 2015, the College was subject to a review of its governance and compliance with the Code by the internal audit service. There were no matters arising from that review. 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 Corporation

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

Name	Date of appointment	Term of office	Date of resignation	Status of appointment	Committees served	Attendance	
						Governing Body	Committee
Mr R Haslam	8 Oct 2016	4 years		Ordinary	Chair: Governing Body Chair: Remuneration and HR Chair: Strategic Planning Governance & Search Finance and General Purposes	60%	42%

PRIESTLEY COLLEGE
STATEMENT OF CORPORATE GOVERNANCE AND INTERNAL CONTROL
(continued)
Period ended 30 April 2017

Name	Date of appointment	Term of office	Date of resignation	Status of appointment	Committees served	Attendance	
						Governing Body	Committee
Mr M Grant	1 Jan 2015	-		Principal	Finance and General Purposes; Governance & Search; Remuneration and HR; Strategic Planning	100%	100%
Mr J A Farquharson	2 Nov 2015	4 years		Ordinary	Chair: Audit Remuneration and HR	80%	89%
Mr A Cannell	1 Aug 2015	4 years		Ordinary	Chair: Finance and General Purposes	80%	50%
Mr J Monaghan	1 Nov 2013	4 years		Ordinary	Chair: Governance & Search Remuneration and HR, Audit	100%	100%
Mr P Dyke	30 Oct 2015	4 years		Ordinary	Audit, Governance & Search, Remuneration and HR	80%	83%
Mr G Hill	14 Dec 2014	4 years		Ordinary	Finance and General Purposes	50%	40%
Mrs K Hope	8 Oct 2012	4 years	8 Oct 2016	Staff	Curriculum and Standards Audit	0%	0%
Mr M Salmon	1 Aug 2010	4 years	1 Aug 2016	Staff	Finance and General Purposes Audit	0%	0%
Mr A Osborne	11 Dec 2014	2 years	11 Dec 2016	Parent	Audit	100%	100%
Ms K Simcock	1 Jun 2015	4 years		Ordinary	Chair: Curriculum and Standards Audit	20%	0%
Mrs B Scott-Herron	1 Aug 2015	4 years		Ordinary	Curriculum and Standards	100%	100%
Mrs S Yates	15 Feb 2016	4 years		Ordinary	Chair: Governing Body from 19 th October 2016 Strategic Planning, Remuneration and HR	100%	100%
Mr D Hudson	20 Oct 2015	4 years		Ordinary	Finance and General Purposes	80%	33%
Mr D Mowat MP	22 Dec 2015	4 years		Ordinary	Strategic Planning	40%	50%
Mrs J Boyo	23 Sept 2016	4 years		Ordinary	Finance and General Purposes	100%	100%
Mr O Lister	23 Sept 2016	4 years		Staff	Curriculum and Standards	80%	100%
Mr C Whittaker	23 Sept 2016	4 years		Staff	Finance and General Purposes	100%	100%
Mr G Brennan	6 Dec 2016	4 years		Co-opted		100%	Not Applicable

PRIESTLEY COLLEGE
STATEMENT OF CORPORATE GOVERNANCE AND INTERNAL CONTROL
(continued)

Period ended 30 April 2017

Name	Date of appointment	Term of office	Date of resignation	Status of appointment	Committees served	Attendance	
						Governing Body	Committee
Ms M McAuley	1 May 2016	1 Year		Student	Curriculum and Standards	Not Applicable	Not Applicable
Ms Z Hajim	1 May 2016	1 Year		Student	Curriculum and Standards	Not Applicable	Not Applicable
Mr C Leech	23 Sept 2016	2 years	30 Mar 2017	Parent		0%	Not Applicable
Mr M Hartill		1 year		Co-opted	Curriculum and Standards	Not Applicable	33%
Mr L Horrigan		1 year	1 Sept 2016	Co-opted	Curriculum and Standards	Not Applicable	Not Applicable
Mr Y Shaikh		1 year	1 Mar 2017	Co-opted	Curriculum and Standards	Not Applicable	33%
Mr E Soehren		1 year		Student	Curriculum and Standards		
Mr L Packwood		1 year		Student	Curriculum and Standards		

The co-opted members are confirmed on an annual basis. The new student members were appointed after the College converted to a 16-19 academy and therefore were never members of the Governing Body of the Corporation. The Corporation was dissolved on 1st May 2017 after the transfer of the assets and liabilities to The Challenge Academy Trust.

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

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

The Corporation met on five occasions in 2016/17 (2015/16 – 6).

The Corporation conducts its business through a number of committees. Each committee has terms of reference which have been approved by the Corporation. These committees are: Finance and General Purposes, Remuneration and Human Resources, Curriculum and Standards, Strategic Planning, Governance and Search, and Audit. Full minutes of all meetings, except those deemed to be confidential by the Corporation, are available from the Clerk to the Corporation at:

Priestley College, Loushers Lane, Warrington, Cheshire, WA4 6RD

or alternatively may be accessed on the College website: <http://www.priestley.ac.uk>

The Clerk to the Corporation maintains a register of financial and personal interests of the Governors. The register is available for inspection at the above address.

PRIESTLEY COLLEGE
STATEMENT OF CORPORATE GOVERNANCE AND INTERNAL CONTROL
(continued)
Period ended 30 April 2017

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

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

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

There is a clear division of responsibility in that the roles of the Chair and Accounting Officer are separate.

Appointments to the Corporation

Any new appointments to the Corporation are a matter for the consideration of the Corporation as a whole. The Corporation has a Governance & Search Committee comprised of six members, which is responsible for the selection and nomination of any new member for the Corporation's consideration. The Corporation is responsible for ensuring that appropriate training is provided as required.

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

Remuneration and Human Resources Committee

Throughout the period ending 30 April 2017, six governors served on the Corporation's Remuneration and Human Resources Committee. The Committee's responsibilities include making recommendations to the Board on the remuneration and benefits of the Accounting Officer and other senior post-holders.

Details of remuneration for the period ended 30 April 2017 are set out in notes 6 and 7 to the financial statements.

Finance and General Purposes Committee

The Finance and General Purposes Committee works closely with the Senior Management Team to ensure that there are appropriate resources to support the teaching and learning taking place at the College. The Committee comprised six members and one co-opted.

Curriculum and Standards Committee

The regular review of teaching and learning in the College is undertaken by the Curriculum and Standards Committee. The Committee comprised five members and three co-opted members. The College's quality assurance framework, charters and overall curriculum provision are overseen by

PRIESTLEY COLLEGE
STATEMENT OF CORPORATE GOVERNANCE AND INTERNAL CONTROL
(continued)

Period ended 30 April 2017

this Committee which regularly monitors the academic performance of the College against agreed targets.

Strategic Planning Committee

The Strategic Planning Committee discusses the wider issues affecting the College and is involved in formulating the College's strategic plans. The Committee comprised of five members.

Audit Committee

The Audit Committee comprises six members of the Corporation (excluding the Accounting Officer and Chair). The Committee operates in accordance with written terms of reference approved by the Corporation.

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

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

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

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

Internal Control

Scope of responsibility

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

The Corporation has delegated 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 he is personally responsible, in accordance with the responsibilities assigned to him in the Financial Memorandum/Financial Agreement between the College and the funding bodies. He is also responsible for reporting to the Corporation any material weaknesses or breakdowns in internal control.

PRIESTLEY COLLEGE
STATEMENT OF CORPORATE GOVERNANCE AND INTERNAL CONTROL
(continued)
Period ended 30 April 2017

The purpose of the system of internal control

The system of internal control is designed to manage risk to a reasonable level rather than to eliminate all risk of failure to achieve policies, aims and objectives; it can therefore only provide reasonable and not absolute assurance of effectiveness. The system of internal control is based on an ongoing 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 Priestley College for the period ended 30 April 2017 and up to the date of approval of the annual report and financial statements.

Capacity to handle risk

The Corporation has reviewed the key risks to which the College is exposed together with the operating, financial and compliance controls that have been implemented to mitigate those risks. The Governing Body is of the view that there is a formal ongoing process for identifying, evaluating and managing the College's significant risks which has been in place for the period ending 30 April 2017 and up to the date of approval of the annual report and financial statements. This process is regularly reviewed by the Corporation.

The risk and control framework

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

- comprehensive budgeting systems with an annual budget, which is reviewed and agreed by the 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

The College has an internal audit service, which operates in accordance with the requirements of the ESFA Post 16 Audit Code of Practice. The work of the internal audit service is informed by an analysis of the risks to which the College is exposed, and annual internal audit plans are based on this analysis. The analysis of risks and the internal audit plans are endorsed by the Corporation on the recommendation of the Audit Committee. At a 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.

PRIESTLEY COLLEGE
STATEMENT OF CORPORATE GOVERNANCE AND INTERNAL CONTROL
(continued)
Period ended 30 August 2017

Review of effectiveness

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

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

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

The Senior Management Team receives reports setting out key performance and risk indicators and considers possible control issues brought to its attention by early warning mechanisms, which are embedded within the departments and reinforced by risk awareness training. The Senior Management Team and the Audit Committee also receive regular reports from internal audit and other sources of assurance, which include recommendations for improvement. The Audit Committee's role in this area is confined to high-level review of the arrangements for internal control. The Corporation's agenda includes a regular item for consideration of risk and control and receives reports therein from the Senior Management Team and Audit Committee. The emphasis is on obtaining the relevant degree of assurance, not merely reporting by exception. At its October 2017 meeting, the Governing Body carried out the annual assessment for the period ended 30 April 2017 by considering documentation from the Senior Management Team and internal audit, and taking account of events since 30 April 2016.

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

Going Concern

After making appropriate enquiries, the Corporation considers that the College has adequate resources to continue in operational existence as part of the new Multi Academy Trust. For this reason they continue to adopt the going concern basis in preparing the financial statements.

Approved by order of the members of the Corporation on 14 December 2017 and signed on their behalf:



Signed _____

Sheila Yates
Chair



Signed _____

Matthew Grant
Accounting Officer

PRIESTLEY COLLEGE

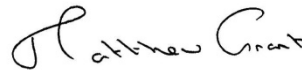
STATEMENT OF REGULARITY, PROPRIETY AND COMPLIANCE

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

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

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

Approved by order of the members of the Corporation on 14 December 2017 and signed on their behalf:



Signed _____

Signed _____

Sheila Yates
Chair

Matthew Grant
Accounting Officer

PRIESTLEY COLLEGE
STATEMENT OF RESPONSIBILITIES OF THE MEMBERS OF THE CORPORATION
Period ended 30 April 2017

The members of the Corporation are required to present audited financial statements for each financial year.

Within the terms and conditions of the College's Financial Memorandum with the ESFA the College, the Corporation, through its Accounting Officer, is required to prepare financial statements for each financial year in accordance with the 2015 *Statement of Recommended Practice – Accounting for Further and Higher Education Institutions* and with the *College Accounts Direction 2016 to 2017* issued jointly by the ESFA, 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 Corporation is required to:

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

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

The Corporation is responsible for keeping proper accounting records which disclose with reasonable accuracy, at any time, the financial position of the College, and 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 in order to safeguard the assets of the College and to prevent and detect fraud and other irregularities.

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

Members of the Corporation are responsible for ensuring that expenditure and income are applied for the purposes intended by Parliament and that the financial transactions conform to the authorities that govern them. In addition they are responsible for ensuring that funds from the ESFA are used only in accordance with the Financial Memorandum with the ESFA and any other conditions that may be prescribed from time to time. Members of the Corporation must ensure that there are appropriate financial and management controls in place in order to safeguard public and other funds and to ensure they are used properly. In addition, members of the Corporation are responsible for securing economical, efficient and effective management of the College's resources and expenditure, so that the benefits that should be derived from the application of public funds from the ESFA are not put at risk.

Approved by order of the members of the Corporation on 14 December 2017 and signed on its behalf by:



Signed _____
Sheila Yates
Chair

INDEPENDENT AUDITORS' REPORT TO THE GOVERNING BODY OF PRIESTLEY COLLEGE

Opinion

We have audited the financial statements of Priestley College for the period ended 30 April 2017 which comprise the statement of comprehensive income, the statement of changes in reserves, 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, United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice) and the Accounts Direction 2016 to 2017 issued by the Education and Skills Funding Agency (ESFA).

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

In our opinion the financial statements:

- give a true and fair view of the state of the College's affairs as at 30 April 2017 and of its income and expenditure for the period then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice;
- have been prepared in accordance with the Statement of Recommended Practice: Accounting for Further and Higher Education (the 2015 FE HE SORP) and the Accounts Direction 2016 to 2017 issued by the ESFA.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the Auditors responsibilities for the audit of the financial statements section of our report. We are independent of the College in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Conclusions relating to going concern

We have nothing to report in respect of the following matters in relation to which the ISAs (UK) require us to report to you where:

- the Corporation's use of the going concern basis of accounting in the preparation of the financial statements is not appropriate; or
- the Corporation has not disclosed in the financial statements any identified material uncertainties that may cast significant doubt about the College's ability to continue to adopt the going concern basis of accounting for a period of at least twelve months from the date when the financial statements are authorised for issue.

Other information

The Members of the Corporation are responsible for the other information. The other information comprises the information included in the annual report, other than the financial statements and our Report of the Independent Auditors thereon.

Our opinion on the financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

INDEPENDENT AUDITORS' REPORT TO THE GOVERNING BODY OF PRIESTLEY COLLEGE

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Opinion on other matters

In our opinion, based on the work undertaken in the course of the audit:

- the information given in the Report of the Governing Body for the financial period for which the financial statements are prepared is consistent with the financial statements; and
- the Report of the Governing Body has been prepared in accordance with applicable legal requirements.

Matters on which we are required to report by exception

In the light of the knowledge and understanding of the College and its environment obtained in the course of the audit, we have not identified material misstatements in the Report of the Governing Body.

We have nothing to report in respect of the following matters prescribed by the Post 16 Audit Code of Practice issued by the Education and Skills Funding Agency which requires us to report to you if, in our opinion:

- proper accounting records have not been kept;
- the financial statements are not in agreement with the accounting records and returns; or
- all the information and explanations required for the audit were not received.

Responsibilities of trustees

As explained more fully in the Statement of Responsibilities of the Members of the Corporation set out on page 23, the Governing Body is responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the Governing Body determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the Governing Body is responsible for assessing the College's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Governing Body either intends to liquidate the College or to cease operations, or has no realistic alternative but to do so.

Our responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue a Report of the Independent Auditors that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

INDEPENDENT AUDITORS' REPORT TO THE GOVERNING BODY OF PRIESTLEY COLLEGE

A further description of our responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website at www.frc.org.uk/auditorsresponsibilities. This description forms part of our Report of the Independent Auditors.

A handwritten signature in black ink, appearing to read 'Murray Smith'.

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

14 December 2017

**Reporting Accountant’s Assurance Report on Regularity
To the Corporation of Priestley College and The Secretary of State for Education acting
through the Department for Education (“the Department”)**

In accordance with the terms of our engagement letter and further to the requirements of the funding memorandum with the Education and Skills Funding Agency we have carried out an engagement to obtain limited assurance about whether anything has come to our attention that would suggest that in all material respects the expenditure disbursed and income received by Priestley College during the period to 30 April 2017 have not been applied to the purposes identified by Parliament and the financial transactions do not conform to the authorities which govern them.

The framework that has been applied is set out in the Post 16 Audit Code of Practice (“the Code”) issued by the Department. In line with this framework, our work has specifically not considered income received from the main funding grants generated through the Individualised Learner Record (ILR) returns, for which the Department has other assurance arrangements in place.

This report is made solely to the Corporation of Priestley College and the Department in accordance with our engagement letter. Our work has been undertaken so that we might state to the Corporation of Priestley College and the Department those matters we are required to state in a report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Corporation of Priestley College and the Department for our work, for this report, or for the conclusion we have formed.

Respective responsibilities of Priestley College and the Reporting Accountant

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

Our responsibilities for this engagement are established in the United Kingdom by our profession’s ethical guidance and are to obtain limited assurance and report in accordance with our engagement letter and the requirements of the Code. We report to you whether anything has come to our attention in carrying out our work which suggests that in all material respects, expenditure disbursed and income received during the period to 30 April 2017 have not been applied to purposes intended by Parliament or that the financial transactions do not conform to the authorities which govern them.

Approach

We conducted our engagement in accordance with the Code issued jointly by the Department. We performed a limited assurance engagement as defined in that framework.

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

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

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

The work undertaken to draw our conclusions includes:

- review of evidence supporting the college’s Regularity Self Assessment; and
- review of the college’s expenditure during the year.

**Reporting Accountant's Assurance Report on Regularity
to the Corporation of Priestley College and The Secretary of State for Education acting
through the Education Funding Agency**

Conclusion

In the course of our work nothing has come to our attention which suggests that in all material respects the expenditure disbursed and income received during the period to 30 April 2017 has not been applied to purposes intended by Parliament and the financial transactions do not conform to the authorities which govern them



Murray Smith LLP

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

14 December 2017

PRIESTLEY COLLEGE
STATEMENT OF COMPREHENSIVE INCOME
for the period ended 31 April 2017

	Note	9 months to April 2017 £000	2016 £000
Income			
Funding body grants	2	6,907	9,938
Tuition fees and education contracts	3	39	101
Other income	4	93	163
Endowment and investment income	5	-	-
		<hr/>	<hr/>
Total income		7,039	10,202
		<hr/>	<hr/>
Expenditure			
Staff costs	6	5,417	7,655
Other operating expenses	8	1,494	1,804
Depreciation	11	439	583
Interest and other finance costs	9	39	56
		<hr/>	<hr/>
Total expenditure		7,389	10,098
		<hr/>	<hr/>
(Deficit)/Surplus before other gains and losses		(350)	104
(Profit)/Loss on disposal of assets	8	-	-
		<hr/>	<hr/>
(Deficit)/Surplus before tax		(350)	104
Taxation	10	-	-
		<hr/>	<hr/>
(Deficit)/Surplus for the year		(350)	104
Actuarial gain/(loss) in respect of pension schemes	19	917	(351)
		<hr/>	<hr/>
Total Comprehensive Income for the year		567	(247)
		<hr/> <hr/>	<hr/> <hr/>

PRIESTLEY COLLEGE
STATEMENT OF CHANGES IN RESERVES
for the period ended 30 April 2017

	Income and expenditure account	Revaluation reserve	Total
	£000	£000	£000
Balance at 1st August 2015	11,033	2,198	13,231
Surplus from the income and expenditure account	104	-	104
Other comprehensive income	(351)	-	(351)
Transfers between revaluation and income and expenditure reserves	53	(53)	-
	<u>(194)</u>	<u>(53)</u>	<u>(247)</u>
Balance at 31st July 2016	10,839	2,145	12,984
(Deficit)/Surplus from the income and expenditure account	(350)	-	(350)
Other comprehensive income	917	-	917
Transfers between revaluation and income and expenditure reserves	39	(39)	-
	<u>606</u>	<u>(39)</u>	<u>567</u>
Balance at 30th April 2017	<u><u>11,445</u></u>	<u><u>2,106</u></u>	<u><u>13,551</u></u>

**PRIESTLEY COLLEGE
BALANCE SHEET**

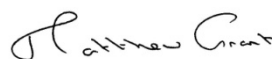
As at 30 April 2017

	Note	2017 £000	2016 £000
Fixed assets			
Tangible assets	11	12,950	13,389
Current assets			
Debtors	12	204	169
Cash at bank and in hand		1,948	3,639
		2,152	3,808
Creditors: amounts falling due within one year	13	(591)	(540)
Net current assets		1,561	3,268
Total assets less current liabilities		14,511	16,657
Creditors: amounts falling due after more than one year	14	-	(1,950)
Net assets excluding pension liability		14,511	14,707
Net pension liability	19	(960)	(1,723)
NET ASSETS INCLUDING PENSION LIABILITY		13,551	12,984
Reserves			
Income and expenditure account excluding pension reserve	17	12,405	12,562
Pension reserve	19	(960)	(1,723)
Income and expenditure account including pension reserve	17	11,445	10,839
Revaluation reserve	16	2,106	2,145
Total reserves		13,551	12,984
TOTAL FUNDS		13,551	12,984

The financial statements on pages 29-54 were approved by the Governing Body on 14 December 2017 and were signed on its behalf on that date by:



Sheila Yates
Chair of Governing Body



Matthew Grant
Principal

PRIESTLEY COLLEGE
CASH FLOW STATEMENT
for the period ended 30 April 2017

	Note	2017	2016
		£000	£000
Cash flow from operating activities			
(Loss)/Surplus for the year		(350)	104
Adjustment for non-cash items			
Depreciation		439	583
Increase/(Decrease) in debtors		35	(36)
Increase in creditors due within one year		264	49
Pension costs less contributions payable		154	198
Adjustment for investing or financing activities			
Capital grants received through income		-	(58)
Interest payable		7	11
		<hr/>	<hr/>
Net cash flow from operating activities		549	851
		<hr/>	<hr/>
Cash flows from investing activities			
Capital grants received in the year		-	58
Payments to acquire tangible fixed assets		(133)	(97)
		<hr/>	<hr/>
		(133)	(39)
		<hr/>	<hr/>
Cash flows from financing activities			
Interest paid		(7)	(11)
		<hr/>	<hr/>
Increase in cash and cash equivalents in the year		409	801
		<hr/>	<hr/>
Cash and cash equivalents at the beginning of the year	18	1,539	738
		<hr/>	<hr/>
Cash and cash equivalents at the end of the year	18	1,948	1,539
		<hr/>	<hr/>

PRIESTLEY COLLEGE
NOTES TO THE FINANCIAL STATEMENTS
for the period ended 30 April 2017

1. Accounting policies

Statement of accounting policies and estimation techniques

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

Basis of preparation

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

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

Basis of accounting

The financial statements are prepared in accordance with the historical cost convention as modified by the use of previous valuations as deemed cost at transition for certain non-current assets.

Going concern

The activities of the College, together with the factors likely to affect its future development and performance are set out in the Members Report. The financial position of the College, its cash flow, liquidity and borrowings are presented in the Financial Statements and accompanying Notes.

The College's forecasts and financial projections indicate that it will be able to operate within this existing facility and covenants as part of the new Multi Academy Trust.

Even though the College is about to convert to a 16-19 Academy, the College, based upon the assessment above, has a reasonable expectation that it has adequate resources to continue in operational existence for the foreseeable future, regardless of its legal status, and for this reason will continue to adopt the going concern basis in the preparation of its Financial Statements.

Recognition of income

Government revenue grants include funding body recurrent grants and other grants and are accounted for under the accrual model as permitted by FRS 102. Funding body recurrent grants are recognised in line with best estimates for the year 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, and the results of any funding audits. 16-18 learner-responsive funding is not normally subject to reconciliation and is therefore not subject to contract adjustments.

Grants (including research grants) from non-government sources are recognised in income when the College is entitled to the income and performance related conditions have been met. Income received

PRIESTLEY COLLEGE
NOTES TO THE FINANCIAL STATEMENTS
for the period ended 30 April 2017
(continued)

Recognition of income - continued

in advance of performance related conditions being met is recognised as deferred income within creditors on the balance sheet and released to income as the conditions are met.

Government capital grants and other capital grants are recognised in income when the College is entitled to the funds subject to any performance related conditions being met.

Income from tuition fees is stated gross of any expenditure which is not a discount and is recognised in the period for which it is received.

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

Accounting for post-employment benefits

Post-employment benefits to employees of the College are principally provided by the Teachers' Pension Scheme (TPS) and the Cheshire Pension Fund (CPF). These are defined benefit plans, which are externally funded and contracted out of the State Second Pension.

The TPS is an unfunded scheme. Contributions to the TPS are calculated so as to spread the cost of pensions over employees' working lives with the College in such a way that the pension cost is a substantially level percentage of current and future pensionable payroll. The contributions are determined by qualified actuaries on the basis of valuations using a prospective benefit method. The TPS is a multi-employer scheme and the College is unable to identify its share of the underlying assets and liabilities of the scheme on a consistent and reasonable basis. The TPS is therefore treated as a defined contribution plan and the contributions recognised as an expense in the income statement in the periods during which services are rendered by employees.

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

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

Short term Employment benefits

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

PRIESTLEY COLLEGE
NOTES TO THE FINANCIAL STATEMENTS
for the year ended 30 April 2017
(continued)

Non-current Assets - Tangible fixed assets

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

Land and buildings

Land and buildings inherited from the Local Authority were valued for the purposes of the 1994 financial statements on the basis of the depreciated replacement cost, by a firm of independent chartered surveyors, as the open market value for existing use is not readily available. The associated credit is included in the revaluation reserve. The difference between depreciation charged on the historic cost of assets and the actual charge for the year calculated on the revalued amount is released to the income and expenditure account reserve on an annual basis. Building improvements made 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 except in the case of semi-permanent buildings where the manufacturer recommends less. The College has a policy of depreciating major adaptations to buildings over their expected useful economic life of up to 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 accounted for using the performance method and credited to the Statement of Consolidated Income upon successful performance completion.

Building improvements of a structural nature, which are expected to be in place for the life of the building will be written off over the lifetime of the building.

Finance costs, which are directly attributable to the construction of land and buildings, are not capitalised as part of the cost of those assets.

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

On adoption of FRS 102, the College followed the transitional provision to retain the book value of land and buildings, which were revalued in 1994, as deemed cost but not to adopt a policy of revaluations of these properties in future.

Assets under construction

There were no assets under construction as at 30 April 2017.

Subsequent expenditure on existing fixed assets

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

PRIESTLEY COLLEGE
NOTES TO THE FINANCIAL STATEMENTS
for the year ended 30 April 2017
(continued)

Tangible fixed assets - continued

Equipment

Equipment costing less than £1,000 per individual item is recognised as expenditure in the period of acquisition. All other equipment is capitalised at cost. On adoption of FRS102, equipment inherited from the local education authority is included in the balance sheet at a deemed cost, the book value following valuation on transfer in 1994.

Inherited equipment has been depreciated on a straight-line basis over its remaining useful economic life to the College of between one and three years from incorporation and is now fully depreciated. All other equipment is depreciated over its useful economic life as follows:

Short leasehold land and buildings	-	written off over the year of the lease;
Motor vehicles	-	five years;
Machinery	-	ten years;
General equipment and classroom fixtures and fittings	-	five years;
Computer equipment	-	four years;
All other equipment	-	five years;
Musical instruments	-	fifty years;

Improvements in cabling for computers will be written off over a four year period. Additional electrical communication or security services will be written off over five years. Computer equipment costs include software licences where attributable but do not include labour costs if assembled 'in-house'.

Special capital assets e.g. major projects, significant specialised equipment may merit individual treatment as to the commencement of depreciation, rate to be used etc. These, and any other variations from the above rules, must be agreed by the Board of the Governing Body.

Additional depreciation must be provided in respect of any fixed asset which has suffered a permanent diminution in value.

All fixed assets retain a residual value of £1.

Borrowing costs

Borrowing costs are recognised as expenditure in the period in which they are incurred.

Leased assets

Costs in respect of operating leases are charged on a straight-line basis over the lease term. Any lease premiums or incentives relating to leases signed after 1st August 2014 are spread over the minimum lease term. The College has taken advantage of the transitional exemptions in FRS 102 and has retained the policy of spreading lease premiums and incentives to the date of the first market rent review for leases signed before 1st August 2014.

PRIESTLEY COLLEGE
NOTES TO THE FINANCIAL STATEMENTS
for the period ended 30 April 2017
(continued)

Leased assets continued

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

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

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

Maintenance of premises

The cost of routine corrective maintenance is recognised as expenditure in the period in which it is incurred.

Cash and cash equivalents

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

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

Financial liabilities and equity

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

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

Foreign currency translation

Transactions denominated in foreign currencies are recorded using the rate of exchange ruling at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies are translated at the rates of exchange ruling at the end of the financial period with all resulting exchange differences being taken to income in the period in which they arise.

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

PRIESTLEY COLLEGE
NOTES TO THE FINANCIAL STATEMENTS
for the period ended 30 April 2017
(continued)

Taxation - continued

received within categories covered by sections 478-488 of the Corporation Tax Act 2010 or Section 256 of Taxation of Chargeable Gains Act 1992, to the extent that such income or gains are applied exclusively to charitable purposes.

The College is exempt in respect of Value Added Tax, so that it can not recover VAT charged on its inputs. Irrecoverable VAT on inputs is included in the costs of such inputs and added to the cost of tangible fixed assets as appropriate, where the inputs themselves are tangible fixed assets by nature.

Provisions and contingent liabilities

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.

Where the effect of the time value of money is material, the amount expected to be required to settle the obligation is recognised at present value using a pre-tax discount rate. The unwinding of the discount is recognised as a finance cost in the statement of comprehensive income in the period it arises.

A contingent liability arises from a past event that gives the College a possible obligation whose existence will only be confirmed by the occurrence or otherwise of uncertain future events not wholly within the control of the College. Contingent liabilities also arise in circumstances where a provision would otherwise be made but either it is not probable that an outflow of resources will be required or the amount of the obligation cannot be measured reliably.

Contingent liabilities are not recognised in the balance sheet but are disclosed in the notes to the financial statements.

Agency arrangements

The College acts as an agent in the collection and payment of Discretionary Learner Support Funds. Related payments received from the funding bodies and subsequent disbursements to students are excluded from the income and expenditure of the College where the College is exposed to minimal risk or enjoys minimal economic benefit related to the transaction.

Judgements in applying accounting policies and key sources of estimation uncertainty

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

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

PRIESTLEY COLLEGE
NOTES TO THE FINANCIAL STATEMENTS
for the period ended 30 April 2017
(continued)

Other key sources of estimation uncertainty

- *Tangible fixed assets*

Tangible fixed assets, other than investment properties, are depreciated over their useful lives taking into account residual values, where appropriate. The actual lives of the assets and residual values are assessed annually and may vary depending on a number of factors. In re-assessing asset lives, factors such as technological innovation and maintenance programmes are taken into account. Residual value assessments consider issues such as future market conditions, the remaining life of the asset and projected disposal values.

- *Local Government Pension Scheme*

The present value of the Local Government Pension Scheme defined benefit liability depends on a number of factors that are determined on an actuarial basis using a variety of assumptions. The assumptions used in determining the net cost (income) for pensions include the discount rate. Any changes in these assumptions, which are disclosed in note 23, will impact the carrying amount of the pension liability. Furthermore a roll forward approach which projects results from the latest full actuarial valuation performed at 31 March 2013 has been used by the actuary in valuing the pensions liability at 31 July 2016. Any differences between the figures derived from the roll forward approach and a full actuarial valuation would impact on the carrying amount of the pension liability.

2 Funding body grants

	9 Months to April 2017 £000	2016 £000
Recurrent grant – 16-18 (EFA)	6,752	9,745
Recurrent grant – 19+ (SFA)	84	125
Recurrent capital grant – (EFA)	30	58
Non recurrent grants – (EFA)	41	10
Releases of deferred capital grants	-	-
Total	6,907	9,938

3 Tuition fees and education contracts

	9 Months to April 2017 £000	2016 £000
Tuition Fees	2	4
Education Contracts	37	97
Total	39	101

PRIESTLEY COLLEGE
NOTES TO THE FINANCIAL STATEMENTS
for the period ended 30 April 2017
(continued)

4	Other income		
		9 Months to April 2017 £000	2016 £000
	Other grant income	-	28
	Releases from deferred capital grants	-	-
	Other income	93	135
	Total	93	163

5	Endowment and investment income		
		9 Months to April 2017 £000	2016 £000
	Pension Finance Income	-	-

6 Staff costs

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

	2017 No.	2016 No.
Teaching departments - teaching staff	104	113
Teaching support and other staff	70	70
Total	174	183

Staff costs for the above persons:

	2017 £000	2016 £000
Wages and salaries	4,216	6,021
Social security costs	393	446
Other pension costs	766	1,052
Payroll sub total	5,375	7,519
Contracted out staffing services	42	136
Total	5,417	7,655

PRIESTLEY COLLEGE
NOTES TO THE FINANCIAL STATEMENTS
for the period ended 30 April 2017

(continued)

6 Staff costs - continued

The number of senior post-holders and other staff who received emoluments (annual equivalent), excluding pension contributions, in the following ranges was:

	Senior post-holders		Other staff	
	2017	2016	2017	2016
	No.	No.	No.	No.
£60,001 - £70,000	-	-	1	1
£90,001 - £100,000	1	1	-	-
£100,001-£110,000	-	-	-	-
£110,001-£120,000	1	1	-	-
£140,001-£150,000	-	-	-	-
Total	<u>2</u>	<u>2</u>	<u>1</u>	<u>1</u>

7 Senior Post-Holders' Emoluments

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

	2016	2016
	No.	No.
The number of senior post-holders including the Principal was:	2	2
	<u>2</u>	<u>2</u>

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

	9 Months	
	to April	
	2017	2016
	£000	£000
Salaries	158	207
Compensation for early severance	-	-
Benefits in kind	-	-
Pension contributions	26	34
Total emoluments	<u>184</u>	<u>241</u>

PRIESTLEY COLLEGE
NOTES TO THE FINANCIAL STATEMENTS
for the period ended 30 April 2017
(continued)

7 Senior Post-Holders' Emoluments - continued

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

	2017	2016
	£	£
Salaries	88,500	115,671
Benefits in kind	-	-
	<u>88,500</u>	<u>115,671</u>
Pension contributions	<u>14,585</u>	<u>18,834</u>

The pension contributions in respect of the Accounting Officer and senior post-holders are in respect of employer's contributions to the Teachers' Pension Scheme and are paid at the same rate as for other employees. The Members of the Governing Body other than the Accounting Officer and the staff members did not receive any payment from the College other than the reimbursement of travel and subsistence expenses incurred in the course of their duties.

8 Other operating expenses

	9 Months to April 2017	2016
	£000	£000
Teaching	296	406
Non Teaching costs	848	966
Premises costs	350	432
Total	<u>1,494</u>	<u>1,804</u>

Other operating expenses include:

	9 Months to April 2017	2016
	£000	£000
Auditors' remuneration:		
- financial statements audit	9	9
- internal audit	10	9
- other services provided by the financial statements auditors	-	-
- other services provided by the internal auditors	-	-
Hire of Equipment - operating leases	19	23
Hire of Premises - operating leases	-	-
	<u> </u>	<u> </u>

PRIESTLEY COLLEGE
NOTES TO THE FINANCIAL STATEMENTS
for the period ended 30 April 2017

(continued)

9 Interest and other finance costs

	2017	2016
	£000	£000
On bank loans, overdrafts and other loans:		
Repayable wholly or partly in more than 5 years	7	11
Pension finance costs – note 19	32	45
Total	39	56

10 Taxation

The College was not required to pay any corporation tax during this or the preceding year.

11 Tangible assets

	Land and Buildings			Total
	Freehold	Assets Under Construction	Equipment	
	£000	£000	£000	£000
Cost or valuation				
At 1 August 2016	17,996	-	2,388	20,384
Additions	-	-	-	-
Disposals	-	-	-	-
At 30 April 2017	17,996	-	2,388	20,384
Accumulated depreciation				
At 1 August 2016	4,955	-	2,040	6,995
Charge for the period	344	-	95	439
Eliminated in respect of disposals	-	-	-	-
At 30 April 2017	5,299	-	2,135	7,434
Net book value at 30 April 2017	12,697	-	253	12,950
Net book value at 31 July 2016	13,041	-	348	13,389

Included in fixed assets, are assets which have been inherited or financed by exchequer funds. The net book value of these assets are as follows:

	at 30 April 2017		at 31 July 2016	
	Land & Buildings	Equipment	Land & Buildings	Equipment
	£000	£000	£000	£000
Inherited assets	2,106	-	2,146	-
Assets financed by exchequer funds	5,935	56	6,084	85
Net Book Value	8,041	56	8,230	85

PRIESTLEY COLLEGE
NOTES TO THE FINANCIAL STATEMENTS
for the period ended 30 April 2017
(continued)

11 Tangible assets - continued

Inherited land and buildings were valued for the purposes of the 1994 financial statements at depreciated replacement costs by a firm of independent chartered surveyors. Other Tangible Fixed Assets inherited from the Local Education Authority at incorporation have been valued by the Governing Body on a depreciated replacement cost basis, with the assistance of independent professional advice.

Should the assets financed by exchequer funds be sold, the College may be liable, under the terms of its Financial Memorandum, to surrender the proceeds.

12 Debtors

	2017	2016
	£000	£000
Trade debtors	163	66
Prepayments and accrued income	41	103
	<hr/>	<hr/>
Total	204	169
	<hr/> <hr/>	<hr/> <hr/>

13 Creditors: Amounts Falling Due Within One Year

	2017	2016
	£000	£000
Bank loan and overdrafts	-	150
Trade creditors	172	286
Taxes & other social security costs	141	-
Other creditors	164	-
Accruals and deferred income	80	74
Amounts owed to the funding agencies	34	30
	<hr/>	<hr/>
Total	591	540
	<hr/> <hr/>	<hr/> <hr/>

14 Creditors: Amounts Falling Due After One Year

	2017	2016
	£000	£000
Bank loan	-	1,950
	<hr/>	<hr/>
Total	-	1,950
	<hr/> <hr/>	<hr/> <hr/>

PRIESTLEY COLLEGE
NOTES TO THE FINANCIAL STATEMENTS
for the period ended 30 April 2017
(continued)

15 Borrowings	2017	2016
	£000	£000
The bank loan is repayable as follows:		
In one year or less	-	150
Between one and two years	-	150
Between two and five years	-	450
In five years or more	-	1,350
	<hr/>	<hr/>
Total	-	2,100
	<hr/> <hr/>	<hr/> <hr/>

The loan facility was repaid in March 2017 as part of the Area Review/conversion to a 16-19 academy.

16 Revaluation Reserve	2017	2016
	£000	£000
At 1 August	2,145	2,198
Transfer from revaluation reserve to general reserve in respect of:		
Disposals	-	-
Depreciation on revalued assets	(39)	(53)
	<hr/>	<hr/>
At 30 April/31 July	2,106	2,145
	<hr/> <hr/>	<hr/> <hr/>

17 Movements on General Reserves	2017	2016
	£000	£000
Income and expenditure Account		
At 1 August	10,839	11,033
(Loss)/Surplus retained for the year	(350)	104
Transfer from revaluation reserve	39	53
Actuarial gain/(loss) in respect of pension scheme	917	(351)
	<hr/>	<hr/>
At 30 April / 31 July	11,445	10,839
	<hr/> <hr/>	<hr/> <hr/>
Balance represented by:		
Pension reserve	(960)	(1,723)
Income and expenditure reserve excluding pension reserve	12,405	12,562
	<hr/>	<hr/>
Total	11,445	10,839
	<hr/> <hr/>	<hr/> <hr/>

PRIESTLEY COLLEGE
NOTES TO THE FINANCIAL STATEMENTS
for the period ended 30 April 2017
(continued)

18 Analysis of Cash and Cash Equivalents

	At 1 August 2016 £000	Cashflows £000	Other Changes £000	At 30 April 2017 £000
Cash in hand and at bank	3,639	(1,691)	-	1,948
Overdrafts	-	-	-	-
	<u>3,639</u>	<u>(1,691)</u>	<u>-</u>	<u>1,948</u>
Debt due within 1 year	(150)	150	-	-
Debt due after 1 year	(1,950)	1950	-	-
	<u>(1,950)</u>	<u>1950</u>	<u>-</u>	<u>-</u>
Total	<u>1,539</u>	<u>409</u>	<u>-</u>	<u>1,948</u>

Included in cash balances at 30 April 2017 is £15,000 (31 July 2016 - £7,000) of monies held on behalf of students. The balances are also included in Creditors.

19 Pension and similar obligations

The College's employees belong to two principal post-employment benefit plans: the Teachers' Pensions Scheme England and Wales (TPS) for academic and related staff; and the Cheshire Pension Fund (CPF) for non-teaching staff. Both are multi-employer defined – benefit schemes.

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 and of the LGPS 31 March 2016.

Total pension cost for the year

	9 Months to 30 April 2017 £000	2016 £000
Teachers Pension Scheme:		
Contributions paid	492	687
	<u>492</u>	<u>687</u>
Local Government Pension Scheme:		
Contributions paid	150	192
Lump sum payment	2	-
FRS 17 adjustment	122	153
	<u>274</u>	<u>345</u>
Charge to the Statement of Comprehensive Income	274	345
	<u>274</u>	<u>345</u>
Total Pension Cost for Year within staff costs	<u>766</u>	<u>1,032</u>

There were no outstanding or prepaid contributions at either the beginning or the end of the financial year. Contributions amounting to £116,000 (31 July 2016 - £Nil) were payable to the scheme at 30th April and are included within creditors.

PRIESTLEY COLLEGE
NOTES TO THE FINANCIAL STATEMENTS
for the period ended 30 April 2017
(continued)

19 Pension and similar obligations - continued

Teachers' Pensions Scheme

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

The Teachers' Pension Budgeting and Valuation Account

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

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

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

- New employer contribution rates were set at 16.48% of pensionable pay (including administration fees of 0.08%);
- total scheme liabilities (pensions currently in payment and the estimated cost of future benefits) for service to the effective date of £191,500 million, and notional assets (estimated future contributions together with the notional investments held at the valuation date) of £176,600 million giving a notional past service deficit of £14,900 million;
- an employer cost cap of 10.9% of pensionable pay.
- the assumed real rate of return is 3.0% in excess of prices and 2% in excess of earnings. The rate of real earnings growth is assumed to be 2.75%. The assumed nominal rate of return is 5.06%.

The new employer contribution rate for the TPS was implemented in September 2015. The next valuation of the TPS is currently underway based on April 2016 data, whereupon the employer contribution rate is expected to be reassessed and will be payable from 1 April 2019.

A full copy of the valuation report and supporting documentation can be found on the Teachers' Pension Scheme website.

PRIESTLEY COLLEGE
NOTES TO THE FINANCIAL STATEMENTS
for the period ended 30 April 2017
(continued)

19 Pension and similar obligations (continued)

Scheme Changes

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

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

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

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

The pension costs paid to TPS in the period amounted to £492,000 (31 July 2016: £687,000)

FRS 102 (28)

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

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

Cheshire Pension Fund (CPF)

The CPF is a funded defined-benefit plan, with the assets held in separate funds administered by Cheshire West and Chester. The total contributions made for the period ended 30 April 2017 was £203,935 (31 July 2016 - £271,634) of which employers contributions totalled £152,176 (31 July 2016 - £192,090) and employees contributions totalled £51,759 (31 July 2016 - £79,544). The agreed contribution rates for future years are 16.8% plus a lump sum each year for employers and range from 5.5% to 8.5% for employees depending on salary.

PRIESTLEY COLLEGE
NOTES TO THE FINANCIAL STATEMENTS
for the period ended 30 April 2017
(continued)

19 Pension and similar obligations (continued)

Principal Actuarial Assumptions

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

	At 30 April 2017	At 31 July 2016
Rate of increase in salaries	2.8%	2.9%
Rate of increase for pensions in payment/inflation	2.5%	1.9%
Discount rate for scheme liabilities	2.6%	2.4%
Inflation assumption (CPI)	1.25%	1.9%
Commutation of pensions to lump sums	50%	50%

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

	At 30 April 2017	At 31 July 2016
Retiring today		
Males	22.3	22.3
Females	24.5	24.4
Retiring in 20 years		
Males	23.9	24.1
Females	26.5	26.7

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

	Long-term rate of return expected at 30 April 2017	Value at 30 April 2017 £000	Long-term rate of return expected at 31 July 2016	Value at 31 July 2016 £000
Equities	2.6%	3,832	2.4%	3,211
Bonds	2.6%	2,508	2.4%	2,102
Property	2.6%	488	2.4%	409
Cash	2.6%	140	2.4%	116
Total Fair Value of Plan Assets		6,968		5,838
Present Value of Plan Liabilities		(7,928)		(7,561)
Net Pensions Liability		(960)		(1,723)

PRIESTLEY COLLEGE
NOTES TO THE FINANCIAL STATEMENTS
for the period ended 30 April 2017
(continued)

19 Pension and similar obligations (continued)

Amounts charged to the Statement of Comprehensive Income in respect of the plan are as follows:	2017 £000	2016 £000
Current service cost	274	318
Past service cost	-	27
	<hr/>	<hr/>
Total	274	345
	<hr/>	<hr/>
Amounts included in interest and other finance costs	2017 £000	2016 £000
Interest income on plan assets	105	188
Interest on defined benefit obligation	(137)	(233)
	<hr/>	<hr/>
Pension finance costs	(32)	(45)
	<hr/>	<hr/>
Amount recognised in Other Comprehensive Income	2017 £000	2016 £000
Return on pension plan assets	978	351
Experience losses arising on defined benefit obligations	403	49
Changes in assumptions underlying the present value of plan liabilities	(464)	(751)
	<hr/>	<hr/>
Amount recognised in the Other Comprehensive Income	917	(351)
	<hr/>	<hr/>
Movement in net defined liability during the year	2017 £000	2016 £000
Net defined liability in scheme at 1 August	(1,723)	(1,174)
Movement in year:		
Current service cost	(274)	(318)
Employer Contributions	152	192
Past service cost	-	(27)
Net interest on the defined liability	(32)	(45)
Actuarial gain/(loss)	917	(351)
	<hr/>	<hr/>
Net defined benefit liability at 30 April/ 31 July	(960)	(1,723)
	<hr/> <hr/>	<hr/> <hr/>

PRIESTLEY COLLEGE
NOTES TO THE FINANCIAL STATEMENTS
for the period ended 30 April 2017
(continued)

19 Pension and similar obligations (continued)

Asset and Liability Reconciliation

Changes in the present value of defined benefit obligations	2017 £000	2016 £000
Defined benefit obligations at start of year	7,561	6,345
Current service cost	274	318
Past service cost	-	27
Interest cost	137	233
Contributions by scheme participants	53	70
Changes in demographic assumptions	44	
Changes in financial assumptions	420	751
Experience gains and losses on defined benefit obligations	(403)	(49)
Estimated benefits paid	(158)	(134)
	<hr/>	<hr/>
Defined benefit obligations at end of year	7,928	7,561
	<hr/> <hr/>	<hr/> <hr/>

Changes in fair value of plan assets	2017 £000	2016 £000
Fair value of plan assets at start of year	5,838	5,171
Interest on plan assets	105	188
Return on plan assets	978	351
Employer contributions	152	192
Contributions by scheme participants	53	70
Estimated benefits paid	(158)	(134)
	<hr/>	<hr/>
Fair value of plan assets at end of period/year	6,968	5,838
	<hr/> <hr/>	<hr/> <hr/>

20 Post Balance Sheet Events

At the close of day on 30th April 2017, Priestley College, the Sixth Form College, ceased to operate as it converted to a 16-19 Academy on 1st May 2017. All assets and liabilities were transferred to the new academy company.

21 Capital Commitments

	2017 £000	2016 £000
Capital Commitments contracted for at 30 April/31 July	Nil	Nil
	<hr/> <hr/>	<hr/> <hr/>

PRIESTLEY COLLEGE
NOTES TO THE FINANCIAL STATEMENTS
for the period ended 30 April 2017
(continued)

22 Financial Commitments

At 30 April/31 July the College had annual commitments under non-cancellable operating leases as follows:

	2017	2016
	£000	£000
Land and buildings		
Expiring within one year	-	-
Expiring between two and five years inclusive	-	-
Expiring in over five years	-	-
	<hr/>	<hr/>
	-	-
	<hr/> <hr/>	<hr/> <hr/>
Other		
Expiring within one year	-	-
Expiring between two and five years inclusive	23	23
	<hr/>	<hr/>
	23	23
	<hr/> <hr/>	<hr/> <hr/>

23 Contingent Liabilities

The College had no contingent liabilities.

24 Related Party Transactions

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

The total expenses paid to or on behalf of the Governors during the year was £197; 1 governor (2016 - £388, 2 Governors). This represents travel and subsistence expenses and other out of pocket expenses incurred in attending Governor meetings and charity events in their official capacity.

No Governor has received any remuneration or waived payments from the College during the period (2016 – None).

PRIESTLEY COLLEGE
NOTES TO THE FINANCIAL STATEMENTS
for the period ended 30 April 2017
(continued)

24 Related Party Transactions (continued)

Members of the Governing Body or Senior Management Team who had an interest in an organisation that the College transacted with during the year were:

Governor/Senior Management Team	Organisation	Relationship
T Date	Warrington Borough Council	Employee
M Grant	Sir Thomas Boteler CE High School	Governor
L Horrigan	Sir Thomas Boteler CE High School	Employee

Transactions during the year were as follows:

	2017	2016
	£	£
Warrington Borough Council		
Payments for Goods and Services	17,828	18,891
Sir Thomas Boteler CE High School		
Reimbursement of Expenses for College Activity	-	150
Exam Invigilation service provided	-	-
	-	150
Payments for Goods and Services	-	-

Balances outstanding at 30 April/ 31 July were:

	2017	2016
	£	£
Included in Debtors:		
Warrington Borough Council	-	-
Sir Thomas Boteler CE High School	-	-
Included in Creditors:		
Warrington Borough Council	-	-
Sir Thomas Boteler CE High School	Nil	Nil

In addition, R Haslam, D Stead, M Grant and J McCann, members of the Governing Body or Senior Management Team, are Trustees of Priestley Education & Training Trust, a charitable trust to provide support to current and past students of Priestley College. During the year, the Trust received £Nil (2016 - £Nil) from College activities e.g. a proportion of ticket monies in respect of certain performances.

PRIESTLEY COLLEGE
NOTES TO THE FINANCIAL STATEMENTS
for the period ended 30 April 2017
(continued)

25 Discretionary Learner Support Funds	2017	2016
	£000	£000
Funding body grants – hardship support	158	202
Funding body grants – childcare support	-	-
	<u>158</u>	<u>202</u>
Disbursed to Students	(141)	(219)
Administration costs	(7)	(9)
	<u>(148)</u>	<u>(228)</u>
Balance transferred to Academy at 30April – (overspent) at 31 July	<u>10</u>	<u>(26)</u>

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