

Macclesfield College

Report and Financial Statements for the year ended 31 July 2021

**College Mission:
“Empowerment through learning”**

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Reference and Administrative Details

Key management personnel

Key management personnel are defined as members of the College Leadership Team and were represented by the following in 2020-21

Mrs Rachel Kay, Principal and CEO; Accounting Officer
Mrs Lynn French, Vice Principal: Finance & Resources
Dr Lucy Reed, Vice Principal: Curriculum and Quality

Board of Governors

A full list of Governors is given on pages 16 and 17 of these financial statements.

Mrs R Clare acted as Director of Governance throughout the period.

Professional advisers

Financial statements auditors and reporting accountants

Wylie & Bisset (Audit) Limited
168 Bath Street
Glasgow
G2 4TP

Internal auditors:

BDO LLP
3 Hardman Street
Spinningfields
Manchester M3 3HF

Bankers:

Royal Bank of Scotland
51 Park Green
Macclesfield
Cheshire SK11 7NH

Solicitors:

Eversheds
Eversheds House
70 Great Bridgewater Street
Manchester M1 5ES

Principal and registered office:

Macclesfield College
Park Lane
Macclesfield
Cheshire SK11 8LF

Strategic Report

NATURE, OBJECTIVES AND STRATEGIES:

The governing body present their annual report together with the audited financial statements for the year ended 31 July 2021.

Legal Status

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

The Corporation was incorporated as Macclesfield College of Further Education. On 1 September 1994, the Secretary of State granted consent to the Corporation to change the College's name to Macclesfield College. The Corporation believes that the name represents the broader activities of the College.

Mission

Following the appointment of the Principal in August 2015, the mission statement was changed to:

'Empowerment through Learning'

Public Benefit

Macclesfield 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 16 and 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 employment record for students
- Strong student support systems
- Links with employers, industry and commerce
- Links with Local Enterprise Partnerships (LEPS)

Strategic Report (continued)

Implementation of Strategic Plan

In December 2018 the College adopted a strategic plan for the period 1 August 2018 to 31 July 2023. 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 aims and objectives are to respond positively to the national priorities set out by the Secretary of State for the learning and skills sector.

Strategic Objectives

- To be judged by Ofsted as Outstanding
- Achieving learner success and employability
- Driving continuous and sustained growth
- Shaping an innovative and enterprising culture
- Delivering leadership to the region that is unrivalled in the FE and HE Sector
- To be Financially Outstanding and sustainable with £2 Million cash balance by 2023
- Have fit for purpose College Estate and Resources that match the ambition of the Curriculum and ensure that learners have the access to excellent resources and technology

Financial Objectives for 2020-21

A comparison between the objectives set and the actuals for 2020-21 is shown below:

	2020-21	2020-21	2020-21
	Actual	Forecast	Original plan
Self-assessment of financial health	GOOD	OUTSTANDING	OUTSTANDING
Pay to income ratio	69.07%	64.82%	65.87%
Adjusted Current ratio	1:1.74	1:2.19	1:2.06
Cash days in hand	55 days	41days	46days
EBITDA	7.00%	6.5%	6.67%

College Performance 2020-21

The College was inspected during the period 20-23 November 2017 against the new Ofsted Inspection Framework. The Lead Inspector, Anita Pyrkotsh-Jones, made the following comment about the College in the inspection feedback:

"...the biggest thank you is to the students, they have been an absolute delight and their behaviour has been exemplary."

The grading was as follows:

Effectiveness of leadership and management	Good
Quality of teaching, learning and assessment	Good
Personal development, behaviour and welfare	Good
Outcomes for learners	Good
16-19 study programmes	Good
Adult learning programmes	Requires improvement
Apprenticeships	Good

Strategic Report (continued)

Key strengths identified during the inspection:

1. Highly effective implementation of standards in apprenticeships with employers
2. The College fosters a culture of high expectations and very high standards
3. Leaders and managers have strong stakeholder and employer links that have positively influenced the curriculum
4. Leaders and managers have addressed the areas for improvement from the last inspection
5. Exemplary support for learners so that learners remain on programme and achieve their qualifications

The following highlights some of the College's other achievements:

- The overall college achievement rate is 88.4% in 2020-21 compared to 87.1% in 2019-20
- The College has met ESFA funding conditions relating to English and Maths
- Attendance rate across the College continues to improve at 87.5%

Performance Indicators

The College is committed to observing the importance of sector measures and indicators and uses the FE Choices data available on the Gov.uk website which looks at measures such as success rates. The College is required to complete the annual Finance Record for the Education and Skills Funding Agency ("ESFA"). The College is assessed by the ESFA as having "Good" financial health grading.

Key Performance Indicator	Target	Actual for 2020/21
Student Number Target – ESFA 16-18	1,035	1,098
Financial Health Measures (ESFA)		
Adjusted Current Ratio	2.06	1.74
EBITDA	6.67%	7.00%
Debt% to Income	12.4%	13.8%
Financial Health Grade	Outstanding	Good
Bank Covenant – Debt Service Cover	1.85:1	3.01:1

FINANCIAL POSITION

Financial Results and Position

The Group and College generated a deficit before the other gains and losses in the year of £283,000 (2019-20 a deficit of £127,000), with total comprehensive income deficit of £1,196,000 (2019-20 deficit £1,414,000).

COVID 19 had an impact on College income during 2020-21 with a number of income streams below where originally planned due to the college closure due to the national lockdown from January – March 2021. Income streams affected include Apprenticeships, Adult Education Budget and Tuition Fees including HE and FE Loans.

The Group has unrestricted reserves before the pension liability of £2,847,000 (2019-20 £2,496,000) and cash and cash equivalent balances of £1,499,000 (31 July 2020 £1,155,000). The Group wishes to continue to accumulate reserves and cash balances in order to create a contingency fund.

Tangible and intangible fixed asset additions in the year amounted to £666,000 (2019-20 £260,000), being equipment purchased.

Strategic Report (continued)

The Group relies significantly on the education sector funding bodies for its principal funding source, largely recurrent grants. In 2020-21 the FE funding bodies provided 83% of the Group's total income (2019-20 85%).

The College has two subsidiary companies, Cheshire Solutions Limited and European Centre for Aerospace Training Limited. Both companies are dormant.

FUTURE PROSPECTS

Financial Plan

The College Governors approved a three-year plan in July 2020, which sets objectives for the period to 2022.

Treasury Policies and Objectives

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

The College has adopted an appropriate treasury management policy to maximise its return on any surplus liquidity whilst eliminating risk.

All borrowing facilities require the authorisation of the Corporation.

Cash Flows and Liquidity

Cash balances as at 31 July 2021 were £1,499,000 (31 July 2020 £1,155,000), an increase from the previous year of £344,000, mainly a result of:

- the net cash inflow from operating activities of £1,241
- payments in respect of investing activities of £665,000
- payments in respect of financing activities of £232,000.

COVID 19 impact on college cashflows and liquidity was minimal. The college took early action to mitigate the potential reductions to income streams with the onset of national lockdowns, The college furloughed a small number of staff during this time for which the college received £110K.

The college recovery of income post national lockdown from March 2021 saw some recovery in Apprenticeship income. In relation to college suppliers the college continued to pay suppliers of contracts for the supply of services, such as bus contracts for student travel, throughout the lockdown period.

Reserves Policy

The College recognises that its income is not guaranteed. The Board needs to ensure there are sufficient reserves to support the College while other sources of income are secured, or to allow the College to wind up while meeting its obligations to staff and students.

The Board of Governors has agreed to keep a certain level of financial reserves to ensure that main operations can continue for a period of 90 days.

The main concerns of the Board of Governors are to ensure:

- that staff can continue working
- that there is time to secure new funding
- that students are supported to move on to other providers
- that it has sufficient resources to meet its liabilities.

Strategic Report (continued)

Funding is determined annually and this could expose the sector and the College to quite significant falls in income.

Reserves will be built up from earned income and these reserves need to be £2m to continue running for 90 days. The financial out turn in 2020-21 and 2019-20 has meant that reserves have started to recover from 2017/18, the college's objective remains that the college needs to continue to build reserves from earned income going forward.

The Board of Governors will review this policy whenever there are significant changes in income or operating costs.

CURRENT AND FUTURE DEVELOPMENT AND PERFORMANCE

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 described in the financial statements and accompanying notes.

The College primarily meets its day to day working capital requirement through cash generated from its day to day operations. It also has a fixed loan facility with Allied Irish Bank which as at 31 July 2021 had a balance of £1.282 million, due for repayment over a remaining period of 8 years.

The College wishes to diversify its income, and the recently won European Social Fund contract is an important step towards achieving this strategy.

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 these risks.

The Corporation is of the view that there is a formal on-going process for identifying, evaluating and managing the College's significant risks that have been in place for the year ended 31 July 2020 and up to the date of approval of the annual report and financial statements. This process is regularly reviewed by the Corporation.

After making appropriate enquiries, the Corporation considers the College has adequate resources to continue in operational existence for the foreseeable future.

Student Achievements

Students continue to prosper at the College. The success rate was 88.4% in 2020-21 (87.1% for 2019-20).

Student Numbers

In 2020-21 the College delivered activity that produced £8,241,000 in funding body main allocation (2019-20 £7,638,000).

The Macclesfield Academy

Owing to the success of The Macclesfield Academy and the new direction being taken by Macclesfield College, in July 2016, Macclesfield College Corporation agreed to dissolve the sponsorship agreement it had through the trustees of The Macclesfield Academy and with the Department for Education. Resources and plans are in process to cease sponsorship arrangements.

Strategic Report (continued)

Curriculum Developments

The curriculum design was reviewed following the closure of the college in March 2020 to ensure that face-to-face delivery was maximised for the 2020-21 academic year. All programmes returned to full face-to-face delivery models from September with the utilisation of off-site accommodation to meet classroom capacity restrictions which remained for the whole of the academic year. Provision was live streamed or pre-recorded where students could not attend to ensure that none were disadvantaged. Some adult provision remained wholly on-line until the summer term.

Study programme enrolments continue to be predominantly at Level 3 although the College retains a modest Level 1 portfolio and has a small foundation learning cohort. New academies introduced in September 2019 continue to be successful, although the College did not extend the initial contract with Stockport FC with progressing learners being taught out by another provider. The Heath Academy has now got a second partner that will come on board for September 2022 along with a Rugby Academy and Girls Football Academy.

Maths and English delivery is over a two-session per week timetable and face-to-face delivery is supported with a full online delivery. Every learner on a study programme benefits from the PASS programme, a taught tutorial framework aimed at engagement, aspiration and achievement.

Higher Education

The College offers a portfolio of vocational pathways at Level 4 and 5 as well as teaching out validated teacher training provision in partnership with the University of Derby. The continued identification and development of higher education opportunities remains a key strategic goal within the College's strategic plan. Internal progression from Level 3 provision is increasing and the College continues to deliver a flexible offering for employers which align to higher apprenticeship standards. In an increasingly competitive market, the College seeks to offer programmes across a range of modes of study to attract students who need local, affordable, flexible, industry-focused and employment-ready qualifications for employers who require workforce upskilling.

VLE Developments

Investment in the development of the Virtual Learning Environment (VLE) as part of an e-learning strategy with software called "itslearning" has continued to be successful. This has been supported with the appointment of a team of E-Learning Coaches who have supported the upskilling of teaching and support staff to deliver remote teaching and learning. This team are guided by a specific E Learning Strategy with clear performance measures which are regularly reviewed.

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. During the accounting period 1 August 2020 to 31 July 2021, the College feels that it satisfied this requirement. The College incurred no interest charges in respect of late payment for this period.

Strategic Report (continued)

RESOURCES

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

Tangible resources include the main college site, a building with a net book value of £14,924,000 (2019-20 £15,408,000).

Financial

The College presently has £2,847,000 of net assets, before allowing for £6,990,000 of pension liability.

People

The College employs 218 people (2019-20: 219), of whom 95 are teaching staff, excluding assessors and teachers in management posts.

Students

The College enrolled approximately 2,702 students. The College's student population includes 1,098 16-18 students; 733 Apprentices; 45 Higher Education students and 826 Adult students (of which 206 are full cost).

Reputation

The College has a good reputation locally and nationally. The most recent Ofsted inspection, in November 2017, awarded the College a Grade 2 (Good).

PRINCIPAL RISKS AND UNCERTAINTIES

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

Based on the strategic plan, the Risk Management Group undertakes a comprehensive review of the risks to which the College is exposed. They identify systems and procedures, including specific preventable actions which should mitigate any potential impact on the College. The internal controls are then implemented and the subsequent year's appraisal will review their effectiveness and progress against risk mitigation actions. In addition to the annual review, the Risk Management Group will also consider any risks which may arise as a result of a new area of work being undertaken by the College. Risk management is given a priority within the internal audit programme.

A risk register is maintained at the College level which is reviewed at least annually by the Audit Committee and more frequently where necessary. In addition to this, departmental risk registers are also maintained. The risk register identifies the key risks, the likelihood of those risks occurring, their potential impact on the College and the actions being taken to reduce and mitigate the risks. Risks are prioritised using a consistent scoring system.

Outlined below is a 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 further education funding sector bodies and The Office for Students. In 2020-21, 83% (2019-20 85%) of the College's revenue was ultimately public funded and this 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.

Strategic Report (continued)

The College is aware of several issues which may impact on future funding:

- The Government's Spending Review
- Changes in Government
- Future changes in funding rates
- Short notice changes to funding
- Changes in funding policies
- Apprenticeship reforms, including the apprenticeship levy
- Covid19

This risk is mitigated in a number of ways:

- Funding is derived through a number of direct and indirect contractual arrangements; every effort is made to maximise any supplementary funding from time to time
- Striving towards delivering high quality education and training
- Considerable focus and investment is placed on maintaining and managing key relationships with the various funding bodies
- Ensuring the College is focused on those priority sectors which will continue to benefit from public funding
- Regular dialogue with the local funding bodies.

2. Tuition fee policy

Ministers have confirmed that the fee assumption remains at 50%. In line with the majority of other colleges, Macclesfield College will seek to increase tuition fees in accordance with the fee assumptions. The risk for the College is that demand falls off as fees increase. This will impact on the growth strategy of the College.

This risk is mitigated in a number of ways:

- By ensuring the College is rigorous in delivering high quality education and training, thus ensuring value for money for students
- Close monitoring of the demand for courses as prices change.

3. Maintain adequate funding of pension liabilities

The financial statements report the share of the Local Government Pension Scheme deficit on the College's balance sheet in line with the requirements of FRS 102. This risk is mitigated by an agreed deficit recovery plan with the Local Government Pension Scheme.

4. Failure to maintain the financial viability of the College

The College's current financial health grade is classified as Good (Good for 2019-20) as described above. The continuing challenge to the College's financial position remains the constraint on further education funding arising from the ongoing cuts in public sector spending whilst maintaining the student experience, whilst also taking account of the impacts of COVID 19 including reduction in some income streams and additional costs related to COVID 19. This risk is mitigated in a number of ways:

- By rigorous budget setting procedures and sensitivity analysis, considering likely scenarios for varying income achievement and cost implications of COVID 19
- Regular in year budget monitoring and forecast reviews
- Robust financial controls
- Exploring ongoing procurement efficiencies

Strategic Report (continued)

STAKEHOLDER RELATIONSHIPS

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

- Students
- Education sector funding bodies
- Staff
- FE Commissioner
- Local employers (with specific links)
- Local Authorities
- The local community
- Other FE institutions
- Trade unions
- Professional bodies.

The College recognises the importance of these relationships and engages in regular communication with them through the College Internet site and by meetings.

Equal opportunities and employment of disabled persons

Macclesfield College aims to positively encourage and promote a culture in which all individuals are treated fairly, and with respect, and which values diversity.

The College has in the performance of its corporate responsibilities due regard to eliminate unlawful discrimination, harassment and victimisation and any other such conduct prohibited by the Equality Act 2010. In advancing equality of opportunity and fostering good relations the College seeks to ensure that equality of opportunity is kept relevant and appropriate in all activities. The embedding of the College's commitment to equality of opportunity commences at Induction with explanation to staff of the College's equality of opportunity strategic/learner approach. This is reinforced through the College Equality Policies and all new staff undertaking a certificated equality course.

The College's Equality and Diversity Policy, is published on the College's Web-site.

The 'Learner Equality Opportunity Wheel' is embedded as a complementary 'thread' to the strategic plan which runs throughout all curriculum activities and seeks to remove for the learner any barriers to access, participation, progression and achievement.

To demonstrate compliance with the Equality Act 2010 Public Sector Duty the College publishes annually its report to evidence its compliance with the three aims of the duty and to report on the progression of its equality objectives.

An Equality Analysis of existing or new policies and procedures is undertaken as appropriate to ensure the College has 'due regard' to the potential and/or actual effect of equality issues with regard to each 'protected characteristic' namely; age, disability, gender reassignment, pregnancy and maternity, race, religion or belief, sex, sexual orientation, marriage and civil partnership. Results of the completed analysis are corporately reviewed and published.

Strategic Report (continued)

Trade Union Facility Time

The Trade Union (Facility Time Publication Requirements) Regulations 2017 places a statutory requirement on the College to publish annually information on 'Facility Time' undertaken for trade union activity.

Using a reporting timeline of 12 months beginning with 1 April 2020 – 31 March 2021, a review in accordance with statutory provision was undertaken. This evidenced that due to the 'culture of employee relations' within the College during the reporting period, no 'Facility Time' had been undertaken. This is reflected in the table below.

Relevant Union Officials

Number of employees who were relevant union officials during the relevant period	FTE employee number
2	0.9

Percentage of time spent on facility time

Percentage of time	Number of employees
0%	0
1-50%	2
51%-99%	0
100%	0

Percentage of pay bill spent on facility time

Total cost of facility time	£2,209
Total pay bill	£6,948,000
Percentage of the total bill spent on facility time	0.03

Paid trade union activities

Time spent on paid trade union activities as a percentage of total paid facility time hours	0.8
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Strategic Report (continued)

Disability Statement

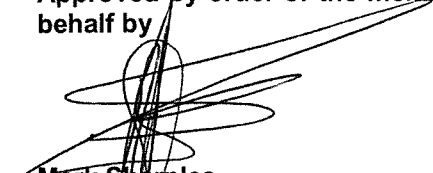
The College seeks to achieve the objectives set down in the Equality Act 2010:

- a) The College is an accredited 'Disability Confident' employer and pro-actively promotes, both internally and externally, its commitment to providing opportunities for individuals seeking employment with the College, arranging for subsequent appropriate supportive adjustments to assist staff with either their new duties or in their personal development, or to reply to a change in health.
- b) The College communicates its support and promotion of the 'Disability Confident' standards on its website, and in all College marketing and recruitment media.
- c) The College's site enhancement programme proactively improves the facilities of the College to ensure its amenities are accessible to all and seeks to ensure compliance with statutory legislation and best practice standards. This includes provision of tactile crossings for visually impaired persons, disabled parking facilities, office/classrooms with automatic access for users and provision of other assistive facilities.
- d) The College has available a list of specialist equipment for use by learners and a range of assistive technology to support learners within its Learning Resource Centre
- e) The College applies a continuing programme of staff development to ensure provision of a high and consistent quality of appropriate support is delivered at all times to learners.
- f) The College holds 'Open days' throughout the year to notify and promote to the local community the facilities of the College and the types of activity and employment offered. Furthermore, it liaises with local charities and keeps in contact with organisations to be kept informed of new developments and associated needs.
- g) Counselling and welfare services are actively promoted in the College Student Guide. This is issued to students during their induction and the services advertised throughout the academic year.
- h) Supportive measures for staff are promoted at induction and arranged as appropriate via the College's Occupational Health provider.

Disclosure of information to auditors

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

Approved by order of the members of the Corporation on 7 December 2021 and signed on its behalf by



Mark Sharples
Chair of Corporation

Governance Statement

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

This statement covers the period from 1 August 2020 to 31 July 2021 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

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

In the opinion of the Governors, the College complies with or exceeds all the provisions of The Code, and it has complied throughout the year ended 31 July 2021. The Governing Body recognises that, as a body entrusted with both public and private funds, it has a particular duty to observe the highest standards of corporate governance at all times. In carrying out its responsibilities, it takes full account of The Code of Governance for English Colleges issued by the Association of Colleges in March 2015, which it formally adopted on 1 August 2015.

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

Governance Statement (continued)

The Corporation

The members who served on the Corporation during the year and up to the date of signature of this report were as follows:

Name	Date of Appointment	Term of Office	Date of Resignation	Status of Appointment	Committees served	Attendance (Corporation meetings)
Mrs R Kay	17 Aug 2015	Ex officio		Member	Search and Governance	100%
Mr G White	01 Aug 2020	4 Years				83%
Mr T Wimbleton	01 Nov 2020	Period concurrent with term of office as President of Students' Union	01 Aug 2021	Student		N/A
Mr J Gomez	08 Dec 2020		01 Aug 2021	Student		67%
Mrs M Grant	25 Mar 2014, Re-appointed 25 Mar 2018	4 years	27 Sep 2021	Member	Audit and Remuneration	100%
Mrs S Horseman Nee Hughes	19 Jan 2015 Re-appointed 19 Jan 2019	4 years		Co-Opted Member	Audit Committee only as a Co-Opted Member	Not required to attend

Governance Statement (continued)

Name	Date of Appointment	Term of Office	Date of Resignation	Status of Appointment	Committees served	Attendance (Corporation meetings)
Mr P Newell	12 Dec 2017	4 years		10 Oct 2017 Co-Opted Member became a full Member on 12 Dec 2017	Audit	83%
Councillor N Mannion	07 Oct 2019	4 years		Member		50%
Mr M Bansal	02 April 2019	4 years	05 Jan 2021	Member	Remuneration	0
Mr E Kennedy	09 Jul 2019	4 years		Member		67%
Ms S Musgrave	01 Aug 2014, Re-appointed 01 Aug 2018	4 years		Staff Member		100%
Mr N Schofield	09 Jul 2013, Re-appointed 09 Jul 2017, 09 Jul 2021	4 years		Member	Joined Audit Committee June 2021	83%
Mr M Sharples	08 Jul 2014, Re-appointed 08 Jul 2018	4 years		Member	Remuneration, Search and Governance	83%
Professor A Sutcliffe	01 Sep 2014, 01 Sep 2018	4 years		Member	Search and Governance	83%
Mrs C Trasler	07 Oct 2014, Re-appointed 07 Oct 2018	4 years	14 Sep 2021	Member	Search and Governance	100%
Mrs J Walters	12 Dec 2017	4 years		Member	Remuneration	83%
Dr K Williams	07 Oct 2014, Reappointed 07 Oct 2018	4 years		Member	Search and Governance	100%
Mr M Wright	09 Jul 2008, Re-appointed 09 Jul 2012, 09 Jul 2016, 09 July 2020	4 years		Member	Audit, Remuneration, Search and Governance	100%
Mrs M Bowers	02 April 2019	4 years			Audit Committee only as a Co-Opted Member	Not required to attend
Mrs R Clare acts as Director of Governance.						

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

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

Governance Statement (continued)

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

Macclesfield College
Park Lane
Macclesfield
Cheshire
SK11 8LF

The Director of Governance maintains a register of financial and personal interests of the governors. The register is available for inspection at the above address.

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

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

The Corporation has a strong and independent non-executive element and no individual or group dominates its decision-making process. The Corporation considers that each of its non-executive members is independent of management and free from any business or other relationship which could materially interfere with the exercise of his or her 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 Search and Governance Committee, consisting of six members of the Corporation, 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.

Corporation Performance

The Corporation carried out a self-assessment of its own performance for the year ended 31 July 2021 and graded itself as "Good" on the Ofsted scale.

Remuneration Committee

Throughout the year ending 31 July 2021 the College's Remuneration Committee comprised the Chair of the Corporation, and five other Members of the Corporation. The Committee's responsibilities are to make recommendations to the Board on the remuneration and benefits of the Accounting Officer and other key management personnel.

Details of remuneration for the year ended 31 July 2021 are set out in note 8 to the financial statements.

Governance Statement (continued)

Audit Committee

In 2020-21 the Audit Committee comprised three members of the Corporation and three co-opted members. The Committee operates in accordance with written terms of reference approved by the Corporation.

The Audit Committee meets three times a year and provides a forum for reporting by the College's internal reporting accountants 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.

The specific areas of work undertaken by the audit committee in 2020/21 and up to the date of the approval of the financial statements are:

- Accounts Payable
- Curriculum Planning
- Cyber Security and Disaster Recovery
- MIS Apprenticeships
- Follow up of previous year's recommendations

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

The Audit Committee also advises the Corporation on the appointment of internal, reporting accountants 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 she is personally responsible, in accordance with the responsibilities assigned to her in the Financial Memorandum between Macclesfield College and the funding bodies. She is also responsible for reporting to the Corporation any material weaknesses or breakdowns in internal control.

The purpose of the system of internal control

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

Governance Statement (continued)

has been in place in Macclesfield College for the year ended 31 July 2021 and up to the date of approval of the annual report and accounts.

Capacity to handle risk

The Corporation has reviewed the key risks to which the College is exposed together with the operating, financial and compliance controls that have been implemented to mitigate those risks. The Corporation is of the view that there is a formal on-going process for identifying, evaluating and managing the College's significant risks that has been in place for the period ending 31 July 2021 and up to the date of approval of the annual report and accounts. This process is regularly reviewed by the Corporation.

Governance Statement (continued)

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; and
- the adoption of formal project management disciplines, where appropriate.

Macclesfield College has an internal audit service, which operates in accordance with the requirements of the ESFA's 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 minimum, annually, the Head of Internal Audit (HIA) provides the governing body with a report on internal audit activity in the College. The report includes the HIA's independent opinion on the adequacy and effectiveness of the College's system of risk management, controls and governance processes.

Review of effectiveness

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

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

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

The Accounting Officer and senior management team receives reports setting out key performance and risk indicators and considers possible control issues brought to their attention by early warning mechanisms, which are embedded within the departments and reinforced by risk awareness training. The Principal and senior management team and the Audit Committee also receive regular reports from internal audit and other sources of assurance, which include recommendations for improvement.

Governance Statement (continued)

The Audit Committee's role in this area is confined to a high-level review of the arrangements for internal control. The Corporation's agenda includes a regular item for consideration of risk and control and received reports thereon from the senior management team and the Audit Committee. The emphasis is on obtaining the relevant degree of assurance and not merely reporting by exception. The Corporation has carried out an annual assessment for the year ended 31 July 2021 by considering documentation from the senior management team and internal audit, and taking account of events since 31 July 2021.

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


The College's financial position remains Good at the close of 2020/21 and forecasts to remain at least Good going forward into 2021/22 and beyond, taking into account all known factors including the impact of COVID 19 on the college's financial position and cash flows. The college took early action to mitigate the potential reductions to income streams with the onset of national lockdowns, The college furloughed a small number of staff during this time for which the college received £110K.

The college recovery of income post national lockdown from March 2021 saw some recovery in Apprenticeship income. In relation to college suppliers the college continued to pay suppliers of contracts for the supply of services, such as bus contracts for student travel, throughout the lockdown period.


Looking forward into 2021/22 and beyond, the college set a budget based on curriculum planning and known factors at the time the plan which was approved by the corporation. The college regularly reviews its plan and reforecasts throughout the year to ensure the financial viability of the college and continued financial health.

After making appropriate enquiries, the Corporation considers that the College has adequate resources to continue in operational existence for the foreseeable future. For this reason, it continues to adopt the going concern basis in preparing the financial statements. Please refer to the going concern assessment within the Going Concern Policy on Page 31.

Approved by order of the members of the Corporation on 7 December 2021 and signed on its behalf by:



Mark Sharples
Chair



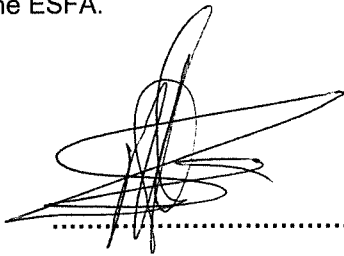
Rachel Kay
Accounting Officer

Statement on the College's 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 grant funding agreement and contracts with ESFA. As part of our consideration we have had due regard to the requirements of the grant funding agreements and contracts with ESFA.

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 grant funding agreements and contract with ESFA.

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.



Mark Sharples
Chair of Governors



Rachel Kay
Accounting Officer

Statement of Responsibilities of the Members of the Corporation

The members of the corporation, as charity trustees, are required to present audited financial statements for each financial year.

Within the terms and conditions of the college's grant funding agreements and contracts with ESFA, the corporation – through its accounting officer – is required to prepare financial statements and an operating and financial review for each financial year in accordance with the 2015 Statement of Recommended Practice – Accounting for Further and Higher Education, ESFA's college accounts direction and the UK's Generally Accepted Accounting Practice, and which give a true and fair view of the state of affairs of the college and its surplus / deficit of income over expenditure for that period.

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 Members' Report which describes what it is trying to do and how it is going about it, including information about 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 relevant legislation including the Further and Higher Education Act 1992 and Charities Act 2011, and relevant accounting standards. It is responsible for taking steps that are reasonably open to it to safeguard its assets and to prevent and detect fraud and other irregularities.

The corporation is responsible for the maintenance and integrity of the college's website; the work carried out by 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 ESFA are used only in accordance with ESFA's grant funding agreements and contracts and any other conditions that may be prescribed from time to time. Members of the corporation must ensure that there are appropriate financial and management controls in place to safeguard public and other funds and ensure they are used properly. In addition, members of the corporation are responsible for securing economical, efficient and effective management of the college's resources and expenditure so that the benefits that should be derived from the application of public funds from ESFA are not put at risk.

Approved by order of the members of the Corporation on 7 December 2021 and signed on its behalf by:

A handwritten signature in black ink, appearing to read 'Mark Sharples', is written over a circular stamp or seal.

Mark Sharples
Chair

**MACCLESFIELD COLLEGE
INDEPENDENT AUDITOR'S REPORT TO THE CORPORATION OF MACCLESFIELD COLLEGE
FOR THE YEAR ENDED 31 JULY 2021**

Opinion

We have audited the financial statements of Macclesfield College (the 'College') for the year ended 31 July 2021 which comprise the Statement of Comprehensive Income, the Statement of Changes in Reserves, the Balance Sheet, the Statement of Cash Flows and the notes to the financial statements, including a summary of significant accounting policies and other explanatory information. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 102 The Financial Reporting Standard applicable in the UK and Republic of Ireland (United Kingdom Generally Accepted Accounting Practice).

In our opinion the financial statements:

- give a true and fair view of the state of the College's affairs as at 31 July 2021, and of its income and expenditure, gains and losses and changes in reserves, and cash flows for the year 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; and
- meet the requirements of the Accounts Direction issued by the Office for Students ('the OfS Accounts Direction').

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 Auditor's 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

In auditing the financial statements, we have concluded that the Corporation's use of the going concern basis of accounting in the preparation of the financial statements is appropriate.

Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the College's ability to continue as a going concern for a period of at least twelve months from when the financial statements are authorised for issue.

Our responsibilities and the responsibilities of the Corporation with respect to going concern are described in the relevant sections of this report.

Other information

The other information comprises the information included in the Annual Report and Financial Statements, other than the financial statements and our auditor's report thereon. The Corporation is responsible for the other information. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon.

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 we identify such material inconsistencies or apparent material misstatements, we are required to determine whether there is a material misstatement in the financial statements or a material misstatement of the other information. 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.

Matters on which we are required to report by exception

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

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

We have nothing to report in respect of the following matters in relation to which the Regulatory Advice 9: Accounts Direction issued by the Office for Students requires us to report to you if, in our opinion:

- where applicable, funds from whatever source administered by the provider for specific purposes have not been properly applied to those purposes and managed in accordance with relevant legislation; or
- where applicable, funds provided by the OfS, UK Research and Innovation (including Research England), the Education and Skills Funding Agency and the Department for Education have not been applied in accordance with the relevant terms and conditions; or
- the requirements of the OfS's accounts direction have not been met; or
- the provider's grant and fee income, as disclosed in the note to the accounts, has been materially misstated; or
- the College's expenditure on access and participation activities for the financial year has been materially misstated

Responsibilities of the Corporation

As explained more fully in the Statement of Responsibilities of the Members of the Corporation, the Corporation is responsible for the preparation of financial statements and for being satisfied that they give a true and fair view, and for such internal control as the Corporation determine 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 Corporation 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 Corporation either intend to liquidate the College or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities for the audit of the financial statements

Our responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and with ISAs (UK). Those standards require us to comply with the Financial Reporting Council's Ethical Standards for Auditors.

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 an auditor's report 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.

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above, to detect material misstatements in respect of irregularities, including fraud. The specific procedures for this engagement and the extent to which these are capable of detecting irregularities, including fraud is detailed below:

Extent to which the audit was considered capable of detecting irregularities including fraud

We identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and then design and perform audit procedures response to those risks, including obtaining audit evidence that is sufficient and appropriate to provide a basis for our opinion.

In identifying and assessing the risks of material misstatements in respect of irregularities, including fraud and non-compliance with laws and regulations we considered the following;

- The nature of the College, the environment in which it operates and the control procedures implemented by management and the Corporation; and
- Our enquiries of management and the Corporation about their identification and assessment of the risks of irregularities.

Based on our understanding of the College and the sector we identified that the principal risks of non-compliance with laws and regulations related to, but were not limited to;

- Regulations and legislation pertinent to the College's operations;
- Compliance with the Post-16 Audit Code of Practice 2020 to 2021;
- Compliance with the requirements of the Department for Education, Education & Skills Funding Agency and the Office for Students;
- Compliance with the requirements of the Office for Standards in Education; and
- Compliance with Coronavirus Job Retention Scheme.

We considered the extent to which non-compliance might have a material impact on the financial statements. We also considered those laws and regulations which have a direct impact on the preparation of the financial statements, such as the Statement of Recommended Practice - Accounting for Further and Higher Education 2019 and the Post-16 Audit Code of Practice 2020 to 2021.

We evaluated management and trustees' incentives and opportunities for fraudulent manipulation of the financial statements (including the risk of management override of controls), and determined that the principal risks were related to;

- Posting inappropriate journal entries; and
- Overstated Coronavirus Job Retention Scheme claims.

Audit response to the risks identified;

Our procedures to respond to the risks identified included the following;

- Gaining an understanding of the legal and regulatory framework applicable to the College and the sector in which it operates;

- Reviewing financial statement disclosures and testing to supporting documentation to assess compliance with provisions of relevant laws and regulations described as having a direct effect on the financial statements;
- Enquiring of management, the audit committee, the internal auditors and legal advisors concerning actual and potential litigation and claims;
- Reading minutes of meetings of those charged with governance, reviewing internal audit reports and reviewing correspondence with the Department for Education, Education & Skills Funding Agency, the Office for Students and the Office for Standards in Education;
- In addressing the risk of fraud as a result of management override of controls, testing the appropriateness of journal entries and other adjustments; evaluating rationale of any significant transactions that are unusual or outside the normal course of business; and
- Substantive testing of Coronavirus Job Retention Scheme claims

We also communicated relevant identified laws and regulations and potential fraud risks to all engagement team members, and remained alert to any indications of fraud or non-compliance with laws and regulations throughout the audit.


Because of the inherent limitations of an audit, there is a risk that we will not detect all irregularities, including those leading to a material misstatement in the financial statements or non-compliance with regulation. This risk increases the more that compliance with a law or regulation is removed from the events and transactions reflected in the financial statements, as we will be less likely to become aware of instances of non-compliance. The risk is also greater regarding irregularities occurring due to fraud rather than error, as fraud involves intentional concealment, forgery, collusion, omission or misrepresentation.

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 auditor's report.

Use of our report

This report is made solely to the Corporation, as a body, in accordance with the Funding Agreement published by Education and Skills Funding Agency and our engagement letter.

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 auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Corporation, as a body, for our audit work, for this report, or for the opinions we have formed.


Wylie & Bisset (Audit) Limited
Chartered Accountants
Statutory Auditor
168 Bath Street
Glasgow
G2 4TP

Date: 7th December 2021

Consolidated and College Statements of Comprehensive Income
For the year ended 31 July 2021

		Notes			
		Group 2021 £'000	College 2021 £'000	Group 2020 £'000	College 2020 £'000
INCOME					
Funding body grants	3	8,731	8,731	8,149	8,149
Tuition fees and education contracts	4	1,019	1,019	1,123	1,123
Research grants and contracts	5	281	281	5	5
Other income	6	456	456	312	312
Investment income	7	1	1	2	2
Total income		10,488	10,488	9,591	9,591
EXPENDITURE					
Staff costs	8	6,881	6,881	6,262	6,262
Restructuring costs	8	67	67	7	7
Other operating expenses	9	2,820	2,820	2,663	2,663
Depreciation and amortisation	12	808	808	692	692
Interest and other finance costs	10	195	195	208	208
Total expenditure		10,771	10,771	9,832	9,832
(Deficit) / Surplus before other gains and losses		(283)	(283)	(241)	(241)
Profit on disposal of tangible fixed assets	12	-	-	114	114
(Deficit) / Surplus before tax		(283)	(283)	(127)	(127)
Taxation	11	-	-	-	-
(Deficit) / Surplus for the year		(283)	(283)	(127)	(127)
Remeasurement of net defined benefit pension liability	23	(913)	(913)	(1,287)	(1,287)
Total Comprehensive Income for the year		(1,196)	(1,196)	(1,414)	(1,414)

All items of Income and expenditure relate to continuing activities.

Consolidated and College Balance Sheets as at 31 July 2021

	Notes	Group 2021 £'000	College 2021 £'000	Group 2020 £'000	College 2020 £'000
Fixed assets					
Tangible assets	12	15,556	15,556	15,691	15,691
Intangible fixed assets	12	13	13	20	20
Investments	13	-	-	-	-
		15,569	15,569	15,711	15,711
Current assets					
Stocks		3	3	10	10
Debtors	14	906	906	663	663
Investments		-	-	-	-
Cash at bank and in hand		1,499	1,499	1,155	1,155
Total current assets		2,408	2,408	1,828	1,828
Current liabilities					
Creditors – amounts falling due within one year	15	(2,266)	(2,266)	(1,908)	(1,908)
Net current assets/(liabilities)		142	142	(80)	(80)
Total assets less current liabilities		15,711	15,711	15,631	15,631
Creditors – amounts falling due after more than one year	16	(12,704)	(12,704)	(12,963)	(12,963)
Provisions for liabilities					
Defined benefit pension schemes	23	(6,990)	(6,990)	(5,443)	(5,443)
Other provisions	18	(160)	(160)	(172)	(172)
Total net (liabilities) / assets		(4,143)	(4,143)	(2,947)	(2,947)
Unrestricted reserves					
Income and expenditure reserve		(5,162)	(5,162)	(3,966)	(3,966)
Revaluation reserve		1,019	1,019	1,019	1,019
Total unrestricted reserves		(4,143)	(4,143)	(2,947)	(2,947)

The financial statements on pages 28 to 52 were approved and authorised for issue by the Corporation on 7 December 2021 and were signed on its behalf on that date by:


Mark Sharples
Chair


Rachel Kay
Accounting Officer

Consolidated and College Statement of Changes in Reserves
For the year ended 31 July 2021

	Income and expenditure reserve £'000	Revaluation reserve £'000	Total £,000
Group			
Balance at 31 July 2019	(2,552)	1,019	(1,533)
Surplus for the year	(127)	-	(127)
Other comprehensive income	(1,287)	-	(1,287)
Transfers between revaluation and income and expenditure reserves	-	-	-
	(1,414)		(1,414)
Balance at 31 July 2020	(3,966)	1,019	(2,947)
(Deficit) for the year	(283)	-	(283)
Other comprehensive income	(913)	-	(913)
Transfers between revaluation and income and expenditure reserves	-	-	-
Total comprehensive income for the year	(1,196)	-	(1,196)
Balance at 31 July 2021	(5,162)	1,019	(4,143)
College			
Balance at 31 July 2019	(2,552)	1,019	(1,533)
Surplus for the year	(127)	-	(127)
Other comprehensive income	(1,287)	-	(1,287)
Transfers between revaluation and income and expenditure reserves	-	-	-
	(1,414)	-	(1,414)
Balance at 31 July 2020	(3,966)	1,019	(2,947)
(Deficit) for the year	(283)	-	(283)
Other comprehensive income	(913)	-	(913)
Transfers between revaluation and income and expenditure reserves	-	-	-
Total comprehensive income for the year	(1,196)	-	(1,196)
Balance at 31 July 2021	(5,162)	1,019	(4,143)

Consolidated Statement of Cash Flows
For the year ended 31 July 2021

	Notes	2021 £'000	2020 £'000
Operating activities			
Cash generated from operations	20	1,241	436
Net cash from operating activities		<u>1,241</u>	<u>436</u>
Investing activities			
Proceeds from the sale of fixed assets		-	385
Purchase of intangible fixed assets		-	-
Purchase of tangible fixed assets		(666)	(260)
Interest received		1	2
Net cash flow from Investing activities		<u>(665)</u>	<u>127</u>
Financing activities			
Interest paid		(112)	(123)
Repayments of borrowings		(120)	(85)
Net cash flow from financing activities		<u>(232)</u>	<u>(208)</u>
Increase in cash and cash equivalents in the year		<u>344</u>	<u>355</u>
Cash and cash equivalents at beginning of the year		<u>1,155</u>	<u>800</u>
Cash and cash equivalents at end of the year		<u>1,499</u>	<u>1,155</u>
Closing bank balance		<u>1,499</u>	<u>1,155</u>

Notes to the Accounts

1. Accounting policies

General Information

Macclesfield College is a corporation established under the Further and Higher Education Act 1992 as an English general college of further education. The address of the College's principal place of business is given on page 18. The nature of the College's operations is set out in the Report of the Governing Body.

Basis of accounting

These financial statements have been prepared in accordance with the Statement of Recommended Practice: Accounting for Further and Higher Education 2019 (the 2019 FE HE SORP), the College Accounts Direction for 2020 to 2021 and in accordance with Financial Reporting Standard 102 – "The Financial Reporting Standard applicable in the United Kingdom and Republic of Ireland" (FRS 102) under the historical cost convention. The College is a public benefit entity and has therefore applied the relevant public benefit requirements of FRS 102.

The principal accounting policies applied in the preparation of these consolidated financial statements are set out below. These policies have been applied consistently to all the years presented, unless otherwise stated.

The consolidated financial statements are presented in sterling, which is also the functional currency of the College.

Monetary amounts in these financial statements are rounded to the nearest whole £1,000, except where otherwise indicated.

Basis of consolidation

The consolidated financial statements include the College and its subsidiaries, Cheshire Solutions Limited and European Centre for Aerospace Training Limited, controlled by the Group. Control is achieved where the Group has the power to govern the financial and operating policies of an entity so as to obtain benefits from its activities. The results of subsidiaries acquired or sold are consolidated using the purchase method for the periods from or to the date that control passes. In accordance with FRS 102, the activities of the student union have not been consolidated because the College does not control those activities. All financial statements are made up to 31 July 2021.

All intra-group transactions, balances and unrealised gains on transactions between group entities are eliminated on consolidation. Unrealised losses are also eliminated unless the transaction provides evidence of an impairment of the asset transferred. Where necessary, adjustments are made to the financial statements of subsidiaries to bring the accounting policies used into line with those used by other members of the Group.

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 described in the financial statements and accompanying Notes. The College has adequate cash resources for the next 12 months and beyond.

The College's Financial Plan for 2021/2022 and 2022/23 continues to demonstrate Good Financial Health. Apprenticeship income has remained strong and is a significant income stream for the College going forwards. With the COVID 19 pandemic, this area of income was identified as a key financial risk to the college given the impact of COVID 19 on businesses, which is closely monitored. The College continued to achieve close to its apprenticeship income targets in 2020-21 despite COVID 19.

Teachers Pension Scheme income funded by the ESFA continues to July 2022, thereafter this funding will be met through College budgets.

16-18 funding is 'guaranteed' through the lagged funding system for 2021-22; for 2022-23 funding is assumed to continue on the same basis using the lagged system, and so numbers and funding at this point are not confirmed.

The College primarily meets its day to day working capital requirement through cash generated from its day to day operations. It also has a fixed loan facility with Allied Irish Bank which as at 31 July 2021 had a balance of £1.282 million, due for repayment over a remaining period of 8 years.

The College's Balance sheet has a net current asset position as at 31 July 2021 of £142k (2019-20 - £80K net liability) which includes cash balances of £1.499M in assets and non cash liabilities of deferred capital grants of £604K.

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 these risks.

The Corporation is of the view that there is a formal on-going process for identifying, evaluating and managing the College's significant risks that have been in place for the year ended 31 July 2021 and up to the date of approval of the annual report and financial statements. This process is regularly reviewed by the Corporation.

After making appropriate enquiries, the Corporation considers the College has adequate resources to continue in operational existence for the foreseeable future.

Recognition of income

Revenue Grant Funding

Funding body recurrent grants are recognised in line with best estimates for the period of what is receivable and depend on the particular income stream involved. Any under or over achievement for the Adult Education Budget is adjusted for and reflected in the level of recurrent grant recognised in the income and expenditure account. The final grant income is normally determined with the conclusion of the year-end reconciliation process with the funding body following the year-end, and the results of any funding audits.

16-18 learner-responsive funding is not normally subject to reconciliation and is therefore not subject to contract adjustments and is recognised when receivable.

Levy-funded and ESFA funding for co-investment model apprenticeships income is measured in line with best estimates of the provision delivered in the year.

The recurrent grant from the Office for Students represents the funding allocation attributable to the current financial year and is recognised when received or receivable.

Grants from non-government sources, including grants relating to assets, are recognised in income when the performance-related conditions have been met and the grant will be received. Income received in advance of performance-related conditions being met is recognised as a liability.

Capital Grant Funding

Government capital grants for assets are accounted for under the accrual model. The grant income received or receivable will be recognised over the expected useful life of the asset, with any amount of the asset-related grant that is deferred being recognised as deferred income. The deferred income is allocated between creditors due within one year and those due after more than one year.

Other Income

Income from the supply of services is recognised at fair value of the consideration received or receivable and represents the value of services to the extent there is a right to consideration.

Income from tuition fees, including employer funding for co-investment funded apprenticeships, is recognised over the period for which it is received. All income from short-term deposits is accrued in the period in which it is earned on a receivable basis.

Accounting for post-employment Benefits

Post-employment benefits paid to employees of the College are principally provided by the Teachers' Pension Scheme (TPS) and Local Government Pension Scheme (LGPS), which are multi-employer defined benefit plans.

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 Group in such a way that the pension cost is a substantially level percentage of current and future pensionable payroll. The contributions are determined by the Government Actuary on the basis of valuations using a projected unit method. The TPS is a multi-employer scheme but sufficient information is not available to use defined benefit accounting and therefore it is accounted for as a defined contribution scheme, with the amount charged to the statement of comprehensive income being the contributions payable in the year. Differences between contributions payable in the year and contributions actually paid are shown as either accruals or prepayments.

The LGPS is a funded scheme, and the assets of the scheme are held separately. Pension schemes are measured at fair value and liabilities are measured on an actuarial basis using the projected unit credit method. 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. The net interest cost on the net defined benefit liability/asset is charged to comprehensive income and included within finance costs. Re-measurement comprising actuarial gains and losses and the return on scheme assets (excluding amounts included in net interest on the net defined benefit liability) are recognised immediately in other comprehensive income.

Short-term Employment Benefits

Short term employment benefits such as salaries and compensated absences (holiday pay) are recognised as an expense in the year in which the employees render service to the Group. The cost of any unused holiday entitlement the Group expects to pay in future periods is recognised in the period the employees' services are rendered.

Enhanced Pensions

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

Fixed Asset Investments

Interests in subsidiaries are initially measured at cost and subsequently measured at cost less any accumulated impairment losses in the separate financial statements of the college.

Interests in subsidiaries are assessed for impairment at each reporting date. Any impairment losses or reversals of impairment losses are recognised immediately in comprehensive income.

Tangible Fixed Assets

Tangible fixed assets are stated at cost / deemed cost less accumulated depreciation and accumulated impairment losses.

Land and buildings

Land and buildings are stated at cost (or deemed cost for land and buildings held at valuation at the date of transition to FRS 102) less accumulated depreciation and accumulated impairment losses.

Equipment

Equipment costing less than £2,000 per individual item is recognised as expenditure in the period of acquisition. All other equipment is capitalised and recognised at cost less accumulated depreciation and accumulated impairment losses.

Depreciation and residual values

Freehold land is not depreciated. Depreciation on other assets is calculated, using the straight-line basis, to write off the cost of each asset to its estimated residual value over its expected useful lives, as follows:

- Freehold buildings – over periods up to 40 years
- Building improvements – 10 years
- Technical equipment – 5 years
- Motor vehicles – 4 years
- Computer equipment - 3 years
- Furniture, fixtures and fittings - 5 years

Residual value is calculated on prices prevailing at the reporting date, after estimated costs of disposal, for the asset as if it were at the age and in the condition expected at the end of its useful life.

Subsequent costs, including replacement parts, are only capitalised when it is probable that such costs will generate future economic benefits. Any replaced parts are then derecognised. All other costs of repairs and maintenance are expense's as incurred.

Non-Current Assets – Intangible Assets

Intangible assets are initially recognised at cost and are subsequently measured at cost less accumulated amortisation and accumulated impairment losses. Intangible assets are amortised to the statement of comprehensive income on a straight-line basis over their useful lives, and for purchased computer software, this is six years.

Impairments of fixed assets

An assessment is made at each reporting date of whether there are indications that a fixed asset may be impaired or that an impairment loss previously recognised has fully or partially reversed. If such indications exist, an estimate is made of the recoverable amount of the asset.

Shortfalls between the carrying value of fixed assets and their recoverable amounts, being the higher of fair value less costs to sell and value-in-use, are recognised as impairment losses. Impairment of revalued assets, are treated as a revaluation loss. All other impairment losses are recognised in comprehensive income.

Recognised impairment losses are reversed if, and only if, the reasons for the impairment loss have ceased to apply. Reversals of impairment losses are recognised in comprehensive income or, for revalued assets, as a revaluation gain. On reversal of an impairment loss, the depreciation or amortisation is adjusted to allocate the asset's revised carrying amount (less any residual value) over its remaining useful life.

The Group considers whether tangible fixed assets are impaired. Where an indication of impairment is identified the estimation of the recoverable amount of the asset or the recoverable amount of the cash-generating unit is required. These will require an estimation of the future cash flow and selection of appropriate discount rates in order to calculate the net present value of those cash flows.

Borrowing costs

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

Leased assets

All leases are operating leases and annual rents are charged to comprehensive income on a straight-line basis over the lease term.

Stock

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

Cash and Cash Equivalents

Cash includes cash in hand, deposits repayable on demand and overdrafts.

Financial Instruments

The Group has chosen to adopt Sections 11 and 12 of FRS102 in full in respect of financial instruments.

Financial assets and liabilities

Financial assets and financial liabilities are recognised when the Group becomes a party to the contractual provisions of the instrument.

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 financial assets and liabilities are initially measured at transaction price (including transaction costs), except for those financial assets measured at fair value through the profit or loss, which are initially measured at fair value (which is normally the transaction price excluding transaction costs), unless arrangement constitutes a financing transaction. A financial asset or financial liability that is payable or receivable within one year is measured at the undiscounted amount expected to be received or paid net of impairment, unless it is a financing transaction. If an arrangement constitutes a financing transaction, the financial asset or financial liability is measured at the present value of the future payments discounted at a market rate of interest for a similar debt instrument.

Financial assets and financial liabilities are offset only when there is a current legally enforceable right to set off the recognised amounts and the intention to either settle on a net basis, or to realise the asset and settle the liability simultaneously.

De-recognition of financial assets and liabilities

A financial asset is derecognised only when the contractual rights to cash flows expire or are settled, or substantially all the risks and rewards of ownership are transferred to another party, or if some significant risks and rewards of ownership are retained but control of the asset has transferred to another party that is able to sell the asset in its entirety to an unrelated third party. A financial liability (or part thereof) is derecognised when the obligation specified in the contract is discharged, cancelled or expires.

Taxation

The College is considered to pass the tests set out in Paragraph 1 Schedule 6 Finance Act 2010 and therefore it meets the definition of a charitable company for UK corporation tax purposes. Accordingly, the College is potentially exempt from taxation in respect of income or capital gains received within categories covered by sections 478-488 of the Corporation Tax Act 2010 or Section 256 of the Taxation of Chargeable Gains Act 1992, to the extent that such income or gains are applied exclusively to charitable purposes.

The College is partially exempt in respect of Value Added Tax, so that it can only recover around 3% of the 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.

The College's subsidiary companies are subject to corporation tax and VAT in the same way as any commercial organisation.

Provisions and contingent liabilities

Provisions are recognised when the Group has a present legal or constructive obligation as a result of a past event, it is probable that a transfer of economic benefit will be required to settle the obligation and the amount of the obligation can be reliably measured.

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 that reflects the risks specific to the liability. 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 Group 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 Group. 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 reliably measured.

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 distributing Bursary support funds from the funding bodies. Payments received from the funding bodies and subsequent disbursements to students are excluded from the income and expenditure of the Group where the Group does not have control of the economic benefit related to the transaction.

Critical accounting judgements and estimation uncertainty

Estimates and judgements are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

Critical areas of judgement

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

Determine whether leases entered into by the Group 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.

Critical accounting estimates and assumptions

- Tangible fixed assets

Tangible fixed assets, other than investment properties, are depreciated over their useful lives accounting for 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, maintenance programmes, economic utilisation and physical condition of the assets are taken into account. Residual value assessments consider issues such as future market conditions and the remaining life of the asset.

- 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 2019 has been used by the actuary in valuing the pensions liability at 31 July 2021. Any differences between the figures derived from the roll forward approach and a full actuarial valuation would impact on the carrying amount of the pension liability.

3 Funding body grants

	2021 Group £'000	2021 College £'000	2020 Group £'000	2020 College £'000
Recurrent grants				
Education & Skills Funding Agency: Adult	437	437	591	591
Education & Skills Funding Agency: 16-18	5,663	5,663	5,206	5,206
Education & Skills Funding Agency: Apprenticeships (funded)	2,141	2,141	1,841	1,841
Office for Students	47	47	70	70
Specific Grants				
Releases of government capital grants	274	274	268	268
Teacher Pension Scheme contribution grant	167	167	167	167
Strategic College Improvement Fund	-	-	4	4
HE Grant	2	2	2	2
Total	8,731	8,731	8,149	8,149

4 Tuition fees and education contracts

	2021 Group £'000	2021 College £'000	2020 Group £'000	2020 College £'000
Adult education fees	210	210	234	234
Apprenticeship fees and contracts	51	51	38	38
Fees for FE loan supported courses	161	161	212	212
Fees for HE loan supported courses	126	126	275	275
Total tuition fees	548	548	759	759
Education contracts	471	471	364	364
Total	1,019	1,019	1,123	1,123

4a Total grant and fee income

	2021 Group £'000	2021 College £'000	2020 Group £'000	2020 College £'000
Grant income from the OfS	47	47	70	70
Grant income from other bodies	8,684	8,684	8,079	8,079
Total grant income	8,731	8,731	8,149	8,149

5 Research grants and contracts

	2021 Group £'000	2021 College £'000	2020 Group £'000	2020 College £'000
Estate Remedial Works	171	171	-	-
Job Retention Grant - Covid 19	110	110	-	-
Cheshire and Warrington LEP	-	-	5	5
Total	281	281	5	5

6 Other income

	2021 Group £'000	2021 College £'000	2020 Group £'000	2020 College £'000
Catering and residences	15	15	-	-
Other income generating activities	7	7	22	22
Other grant income	297	297	189	189
Miscellaneous income	137	137	101	101
Total	456	456	312	312

7 Investment income

	2021 Group £'000	2021 College £'000	2020 Group £'000	2020 College £'000
Other interest receivable	1	1	2	2

8 Staff costs and key management personnel remuneration – Group and College

The average number of persons (including key management personnel) employed by the College during the year, expressed as average head count, was:

	2021 No.	2020 No.
Teaching staff	81	91
Non-teaching staff	125	124
	206	215

Staff costs for the above persons

	2021 £'000	2020 £'000
Wages and salaries	4,704	4,353
Social security costs	404	386
Other pension costs	1,590	1,417
Payroll sub total	6,698	6,156
Contracted out staffing services	183	106
	6,881	6,262
Fundamental restructuring costs - contractual	67	7
Fundamental restructuring costs – non-contractual	-	-
Total staff costs	6,948	6,269

Key management personnel compensation

Key management personnel are those persons having authority and responsibility for planning, directing and controlling the activities of the College and are represented by the Executive Leadership Team which comprises the Principal & Chief Executive, Vice Principal (Curriculum and Quality) and Vice Principal (Finance and Resources). Staff costs include compensation paid to key management personnel for loss of office.

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

	2021 No.	2020 No.
The number of key management personnel including the Accounting Officer was:	<u>3</u>	<u>4</u>

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

	Key management personnel		Other staff	
	2021 No.	2020 No.	2021 No.	2020 No.
£70,001 to £80,000	1	2	-	-
£80,001 to £90,000	1	1	-	-
£115,001 to £120,000	-	-	-	-
£125,001 to £130,000	1	1	-	-
	<u>3</u>	<u>4</u>	<u>-</u>	<u>-</u>

Key management personnel (including the Accounting Officer) total compensation is made up as follows:

	2021 £'000	2020 £'000
Salaries – gross of salary sacrifice and waived emoluments	300	292
Benefits in kind	-	-
Employer's National Insurance (or Social Security contributions)	<u>38</u>	<u>36</u>
	338	328
Pension contributions	73	63
Total key management personnel compensation	<u>411</u>	<u>391</u>

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

The above emoluments include amounts payable to the Accounting Officer (who is also the highest paid of key management personnel) of:

	2021 £'000	2020 £'000
Salaries paid to Mrs R Kay	136	129
Benefits in kind	-	-
Employer's National Insurance	<u>18</u>	<u>16</u>
	154	145
Pension contributions	33	27
Total	<u>187</u>	<u>172</u>

The relationship between the accounting officer's emoluments, expressed as a multiple of all other employees based on full-time equivalents, is set out below for both basic salary and total remuneration.

	2021 No	2020 No.
Basic salary as a multiple of median basic salary of staff	5.68	4.46
Total remuneration as a multiple of median total remuneration of staff	7.81	6.39

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

The governing body has adopted the Association of College's Senior Staff Remuneration Code in July 2020 and will assess and pay in line with its principles in future.

The remuneration package of key management staff, including the Principal and Chief Executive, is subject to annual review by the Remuneration Committee of the governing body who use benchmarking information to provide objective guidance.

The Principal and Chief Executive reports to the Chair of the Corporation, who undertakes an annual review of her performance against the College's overall objectives using both qualitative and quantitative measures of Performance.

Governors' Remuneration

The Accounting Officer and the staff member only receive remuneration in respect of services they provide undertaking their roles of Principal and staff members under contracts of employment and not in respect of their roles as governors. The other members of the Corporation did not receive any payments from the College in respect of their roles as governors.

During the year one governor (2019/20 – two) with total expenses of £400 (2019/20 - £1,761) were paid to or on their behalf of travel and subsistence and other out of pocket expenses incurred in the course of their duties.

9 Other operating expenses

	2021 Group £'000	2021 College £'000	2020 Group £'000	2020 College £'000
Teaching costs	1,338	1,338	1,253	1,253
Non-teaching costs	735	735	655	655
Premises costs	749	749	591	591
Subcontractor costs	(2)	(2)	164	164
Total	2,820	2,820	2,663	2,663

	2021 £'000	2020 £'000
Surplus/(deficit) before taxation is stated after charging/(crediting):		
Auditors' remuneration:		
- Financial statements audit	26	17
- Internal audit	15	16
Operating lease rentals	30	30
	<hr/>	<hr/>

10 Interest payable and other finance costs – Group and College

	2021 £'000	2020 £'000
Interest on bank loans, overdrafts	112	123
Interest on other loans	-	-
	<hr/>	<hr/>
	123	132
Net interest on defined pension liability (Note 23)		
- LGPS	80	81
- Enhanced Pension	3	4
	<hr/>	<hr/>
Total	195	208

11 Taxation

The Group has no corporation tax liability in the current year, nor did it in the preceding year. This is in accordance with the College's tax status as outlined in the accounting policies on page 35 and with its legal status as outlined in page 4 of this document.

12 Tangible and intangible fixed assets (Group and College)

Intangible Fixed Assets	Computer Software £'000	Total £'000
Cost		
At 1 August 2020	38	38
Additions	-	-
Transfers	-	-
Disposals	-	-
At 31 July 2021	38	38
Amortisation		
At 1 August 2020	18	18
Charge for the year	7	7
Elimination in respect of disposals	-	-
At 31 July 2021	25	25
Net book value at 31 July 2021	13	13
Net book value at 31 July 2020	20	20

12 Tangible and intangible fixed assets (Group and College) (continued)

Tangible fixed assets	Land & Buildings	Equipment	Assets in the course of construction	Total
	Freehold £'000	£'000	£'000	£'000
Cost				
At 1 August 2020	22,288	3,090	-	25,378
Additions	98	568	-	666
Transfers	-	-	-	-
Disposals	-	-	-	-
At 31 July 2021	22,386	3,658	-	26,044
Amortisation				
At 1 August 2020	6,880	2,807	-	9,687
Charge for the year	582	219	-	801
Transfers	-	-	-	-
Elimination in respect of disposals	-	-	-	-
At 31 July 2021	7,462	3,026	-	10,488
Net book value at 31 July 2021	14,924	632	-	15,556
Net book value at 31 July 2020	15,408	283	-	15,691

Land and the ECAT building were valued on 31 July 2006 by Dixon Webb, Chartered Surveyors, in accordance with the RICS Statements of Asset Valuation Practice at existing use value as specialised properties and were assessed on a depreciated cost basis. Included in the re-valued Land and Buildings is an amount of £800,000 relating to the land which is not depreciated.

13 Fixed asset investments

The College owns 100% of the issued ordinary £1 shares of Cheshire Solutions Limited and European Centre for Aerospace Training Limited. Both companies are incorporated in England and Wales. Cheshire Solutions ceased to trade on 31 October 2000. European Centre for Aerospace Training Limited has been dormant since its incorporation.

14 Debtors

	2021 Group £'000	2021 College £'000	2020 Group £'000	2020 College £'000
Amounts falling due within one year:				
Trade debtors	338	338	148	148
Prepayments and accrued income	264	264	236	236
Amounts owed by the ESFA	304	304	279	279
Total	906	906	663	663

15 Creditors: amounts falling due within one year

	2021 Group £'000	2021 College £'000	2020 Group £'000	2020 College £'000
Bank loans and overdrafts	128	128	120	120
Trade creditors	427	427	591	591
Other taxation and social security	215	215	194	194
Accruals and deferred income	892	892	544	544
Government grants (capital)	604	604	459	459
Amounts owed to the ESFA	-	-	-	-
Total	<u>2,266</u>	<u>2,266</u>	<u>1,908</u>	<u>1,908</u>

16 Creditors: amounts falling due after one year

	2021 Group £'000	2021 College £'000	2020 Group £'000	2020 College £'000
Bank loans	1,154	1,154	1,282	1,282
Government grants (capital)	11,550	11,550	11,681	11,681
Total	<u>12,704</u>	<u>12,704</u>	<u>12,963</u>	<u>12,963</u>

17 Maturity of debt

Bank loans and overdrafts are repayable as follows:

	2021 Group £'000	2021 College £'000	2020 Group £'000	2020 College £'000
In one year or less	128	128	120	120
Between one and two years	136	136	128	128
Between two and five years	462	462	434	434
In five years or more	556	556	720	720
Total	<u>1,282</u>	<u>1,282</u>	<u>1,402</u>	<u>1,402</u>

The bank loan at 8.4325% repayable by instalments falling due between 1 August 2015 and 1 May 2029 totalling £1,281,763 is secured on Macclesfield College Campus, Park Lane, Macclesfield, SK11 8LF.

18 Provisions for liabilities

	Defined Benefit Obligations (Note 23) £'000	Group and College Enhanced Pensions £'000	Total £'000
At 1 August 2020	5,443	172	5,615
Utilised in the year	(556)	(14)	(570)
Additional provision in the year	2,103	2	2,105
Reversed in the year	-	-	-
At 31 July 2021	6,990	160	7,150

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

The principal assumptions for this calculation are:

	2021	2020
Pension increase rate	2.8%	2.1%
Salary increase rate	3.5%	2.8%
Discount rate	1.6%	1.4%

19 Consolidated analysis of changes in net funds

	At 1 August 2020 £'000	Cash flow £'000	New finance leases £'000	Other non- cash changes £'000	Changes in market value and exchange £'000	At 31 July 2021 £'000
Cash in hand, and at bank	1,155	344	-	-	-	1,499
Bank overdrafts	-	-	-	-	-	-
Debt factoring	-	-	-	-	-	-
	1,155	344	-	-	-	1,499
Bank loans	(1,402)	120	-	-	-	(1,282)
Finance leases	-	-	-	-	-	-
Current asset investments	-	-	-	-	-	-
Net debt	(247)	464	-	-	-	217

20 Notes to the cash flow statement

Reconciliation of surplus after tax to net cash (used in) / generated from operations

	2021 £'000	2020 £'000
Deficit / surplus after tax for the year	(283)	(127)
Adjustment for:		
Taxation	-	-
Depreciation	808	692
Investment income	(1)	(2)
Interest payable	195	208
Loss on sale of fixed assets	-	(137)
Decrease / increase in provisions	(12)	(21)
Pensions costs less contributions payable	552	463
Operating cash flow before movements in working capital	1,259	1,076
Decrease / (increase) in stocks	7	4
Decrease / (increase) in trade and other debtors	(237)	11
Decrease in trade and other creditors	212	(655)
Cash generated from operations	1,241	436

Cash and cash equivalents

	At 1 August 2020	Cash flows	Other changes	At 31 July 2021
	£'000	£'000	£'000	£'000
Cash and cash equivalents	1,155	344	-	1,499
Overdrafts	-	-	-	-
Total	1,155	344	-	1,499

21 Capital commitments

	Group and College 2021 £'000	2020 £'000
Commitments contracted for at 31 July	-	-

22 Commitments under operating leases

The total future minimum lease payments under non-cancellable operating leases are as follows:

	2021 £'000	2020 £'000
Payments due		
Not later than one year	5	26
Later than one year and not later than five years	-	3
Later than five years	-	-
Total	5	29

23 Retirement benefits

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

Total pension cost for the year	2021 £'000	2020 £000
Teachers' Pension Scheme: contributions paid	471	438
Local Government Pension Scheme:		
Contributions paid	555	469
FRS 102 (28) charge	553	489
Charge to the Statement of Comprehensive Income	1,108	958
Enhanced pension charge to the Statement of Comprehensive Income	11	21
Total Pension Cost for Year within staff costs	1,590	1,417

The pension costs are assessed in accordance with the advice of independent qualified actuaries. The latest actuarial valuation of the TPS was 31 March 2016 and of the LGPS 31 March 2019.

There were no outstanding or prepaid contributions at either the beginning or the end of the financial year. Contributions amounting to £115,077 (2020 £102,763) were payable to the scheme at 31 July 2021 and are included within creditors.

Teachers' Pension Scheme

The Teachers' Pension Scheme (TPS) is a statutory, contributory, defined benefit scheme, governed by the Teachers' Pensions Regulations 2014. 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. The TPS is a multi-employer pension plan and there is insufficient information to account for the scheme on a defined benefit plan, so it is accounted for as a defined contribution plan.

Valuation of the Teachers' Pension Scheme

Not less than every four years the Government Actuary ("GA"), using normal actuarial principles, conducts a formal actuarial review of the TPS. The aim of the review is to specify the level of future contributions. Actuarial scheme valuations are dependent on assumptions about the value of future costs, design of benefits and many other factors.

The latest actuarial valuation was carried out as at 31 March 2016 and in accordance with The Public Service Pensions (Valuations and Employer Cost Cap) Directions 2014, except it has been prepared following the Government's decision to pause the operation of the cost control mechanisms at the time when legal challenges were still pending.

The valuation report was published in April 2019. The key results of the valuation and subsequent consultation are:

- Total scheme liabilities for service (pensions currently payable and the estimated cost of future benefits) of £218 billion
- Value of notional assets (estimated future contributions together with the proceeds from the notional investments held at the valuation date) of £196 billion
- Notional past service deficit of £22 billion
- Discount rate is 2.4% in excess of CPI

As a result of the valuation, new employer contribution rates were set at 23.68% of pensionable pay from September 2019 onwards (compared to 16.48% during 2018/19). DfE has agreed to pay a teacher pension employer contribution grant to cover the additional costs during the 2020/21 academic year.

However, legal challenge to the 2015 public sector pension reforms could have a further impact on the scheme, which would have retrospective application.

The pension costs paid to TPS in the year amounted to £635,193 (2020: £588,630)

Local Government Pension Scheme (LGPS)

The LGPS is a funded defined-benefit plan, with the assets held in separate funds administered by Cheshire West and Chester Council. The total contribution made for the year ended 31 July 2021 was £706,085, of which employer's contributions totalled £555,240 and employees' contributions totalled £150,845. The agreed contribution rates for future years are 24.5% for employers and range from 5.5% to 12.5% for employees, depending on salary.

Principal Actuarial Assumptions

The following information is based upon a full actuarial valuation of the fund at 31 March 2016 updated to 31 July 2021 by a qualified independent actuary.

	At 31 July 2021	At 31 July 2020
Rate of increase in salaries	3.5%	2.8%
Future pensions increases	2.8%	2.1%
Discount rate	1.6%	1.4%
Commutation of pensions to lump sums	50%	50%

The average life expectancy for a pensioner retiring at 65 on the reporting date is:

	At 31 July 2021 Years	At 31 July 2020 Years
<i>Retiring today</i>		
Males	21.4	21.2
Females	24.0	23.6
<i>Retiring in 20 years</i>		
Males	22.4	21.9
Females	25.7	25.0

The College's share of the assets in the plan at the balance sheet date were:

	Fair value at 31 July 2021 £'000	Fair value at 31 July 2020 £'000
Equity instruments	5,646	5,646
Debt instruments	5,515	5,515
Property	1,313	1,313
Cash	2,771	656
Total fair value on plan assets	15,245	13,130
Actual return on plan assets	1,471	323

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

	2021 £'000	2020 £'000
Current service cost	1,109	988
Past service cost	-	(41)
Net interest on the net defined benefit pension liability	81	81
Total	1,190	1,028

Changes in the present value of defined benefit obligations

	2021 £'000	2020 £'000
Defined benefit obligations at start of period	18,573	15,759
Current service cost	1,109	988
Past service cost	-	(41)
Interest cost	267	341
Contributions by scheme participants	151	140
Experience gains and losses on defined benefit obligations	-	-
Benefits paid	(250)	(234)
Plan introductions, changes, curtailments and settlements, actuarial (gains) / losses	2,385	1,620
Defined benefit obligations at end of period	22,235	18,573

Changes in fair value of plan assets

	2021	2020
	£'000	£'000
Fair value of plan assets at start of period	13,130	12,150
Interest income	187	260
Return on plan assets (excluding net interest on the net defined benefit liability)	1,471	323
Employer contributions	556	491
Contributions by scheme participants	151	140
Estimated benefits paid	(250)	(234)
Fair value of plan assets at end of period	15,245	13,130

The current valuation does not reflect the expected increase in benefits and therefore liability as a result of Guaranteed Minimum Pension (GMP) equalisation between men and women, which is required as a result of the removal of the Additional State Pension. Methodologies for a long-term solution are still being investigated by the Government as set out in the published (January 2018) outcome of the Government Consultation 'Indexation and Equalisation of GMP in Public Service Pensions Schemes' and therefore the expected impact cannot be reliably estimated and consequently no provision / liability has been recognised.

LGPS pension scheme liabilities includes an assessment provided by the Actuary of the likely impact of the McCloud judgment on defined benefit obligations within the scheme. This follows the Government's reforms to public service pensions in 2015 and associated protection extended to members. In December 2018, the Court of Appeal ruled that transitional protection afforded to specific members amounted to unlawful discrimination, and the subsequent Government announcement in July 2019 confirmed that this should be extended to all main public service pensions.

No gain was recognised for the impact of the McCloud judgment for - past service costs at 31 July 2021.

24 Related party transactions

No governor has received any remuneration or waived payments from the College or its subsidiaries during the year (2020: None).

Transactions with associates

The Macclesfield Academy

The College is the sponsor for the Macclesfield Academy, a company limited by guarantee and an exempt charity. The College charged The Macclesfield Academy £473 (2020: £1,241). This represents the cost of mobile phones, reprographics costs and postage charges.

The Macclesfield Academy charged the College £15,685 (2020: £25,378) for the College's share of the Sports Hall operating costs. There were no amounts outstanding, included in the creditors at 31 July 2021 (2020: £nil).

Park Lane School

The College charged Park Lane School £40,839 (2020: £39,797). This represents the costs of the Estates Manager's salary, school meals, water charges and tuition fees. The amount outstanding, included within debtors at 31 July 2021 was £3,574 (2020: £3,120).

Ash Grove School

The College charged Ash Grove School £nil (2020: £250) for student tuition fees.

North Cheshire Chamber of Commerce

The College paid £nil (2020: £4,615) for Subscription and student sponsorship fees.

Key management compensation disclosure is given in Note 8.

25 Amounts disbursed as agent

Learner Support funds	2021 £'000	2020 £'000
Funding body grants – 16-19 bursary support	254	228
Other funding body grants	-	-
Interest earned	-	-
	<hr/> 254	<hr/> 228
Disbursed to students	(224)	(186)
Administration costs	(12)	(10)
	<hr/> 18	<hr/> 32
Balance unspent as at 31 July 2021, included in creditors	<hr/> 18	<hr/> 32

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

Reporting accountant's assurance report on regularity

To: The corporation of Macclesfield College and Secretary of State for Education, acting through Education and Skills Funding Agency (the ESFA)

In accordance with the terms of our engagement letter dated 4 June 2021 and further to the requirements and conditions of funding in the ESFA's grant funding agreements and contracts, or those of any other public funder, we have carried out an engagement to obtain limited assurance about whether anything has come to our attention that would suggest, in all material respects, the expenditure disbursed and income received by Macclesfield College during the period 1 August 2020 to 31 July 2021 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 ESFA and in any relevant conditions of funding concerning adult education notified by a relevant funder. In line with this framework, our work has specifically not considered income received from the main funding grants generated through the Individualised Learner Record data returns, for which the ESFA has other assurance arrangements in place.

This report is made solely to the corporation of Macclesfield College and the ESFA in accordance with the terms of our engagement letter. Our work has been undertaken so that we might state to the corporation of Macclesfield College and the ESFA 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 Macclesfield College and the ESFA for our work, for this report, or for the conclusion we have formed.

Respective responsibilities of Macclesfield College and the reporting accountant

The corporation of Macclesfield College is responsible, under the requirements of the Further & Higher Education Act 1992, subsequent legislation and related regulations and guidance, for ensuring that expenditure disbursed, and income received, are applied for the purposes intended by Parliament, and the financial transactions conform to the authorities that 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 1 August 2020 to 31 July 2021 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 by the ESFA. 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 corporation's income and expenditure.

The work undertaken to draw to our conclusion includes:

- Documenting the framework of authorities which govern the activities of the College;
- Undertaking a risk assessment based on our understanding of the general control environment and any weaknesses in internal controls identified by our audit of the financial statements;
- Reviewing the self assessment questionnaire which supports the representations included in the Chair of Governors and Accounting Officer's statement on regularity, propriety and compliance with the framework of authorities;
- Testing transactions with related parties;
- Confirming through enquiry and sample testing that the College has complied with its procurement policies and that these policies comply with delegated authorities; and
- Reviewing any evidence of impropriety resulting from our work and determining whether it was significant enough to be referred to in our regularity report.

Conclusion

In the course of our work, nothing has come to our attention which suggests that in all material respects, the expenditure disbursed and income received during the period 1 August 2020 to 31 July 2021 has not been applied to purposes intended by Parliament, and the financial transactions do not conform to the authorities that govern them.


Wylie & Bisset (Audit) Limited
Chartered Accountants
Statutory Auditors
168 Bath Street
Glasgow
G2 4TP

Date: 7th December 2021