



**Strategic Report and
Financial Statements
for the year ended
31 July 2023**

Empowerment through learning

Macclesfield College

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Macclesfield College

Reference and Administrative Details

Key management personnel

Key management personnel are defined as members of the College Executive Leadership Team and were represented by the following in 2022-23: -

R Kay - Principal and CEO; Accounting Officer
Dr Lucy Reed – Deputy Principal
V Hayhoe – Director of Finance & Estates

Board of Governors

A full list of Governors is given on pages 20 and 21.

R Clare acted as Director of Governance throughout the period.

Principal and registered office:

Macclesfield College
Park Lane
Macclesfield
Cheshire SK11 8LF

Professional advisers

External auditors	Wylie & Bisset (Audit) Limited, Glasgow
Internal auditors	Validera, Staffordshire
Bankers	Royal Bank of Scotland, Macclesfield
Solicitor	Vista Employer Services Ltd, Cheshire

Macclesfield College

Strategic Report

OBJECTIVES AND STRATEGIES

The governing body present their annual report together with the audited financial statements for the year ended 31 July 2023.

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.

Mission

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

'Empowerment through Learning'

Implementation of Strategic Plan

In 2023, a new year five-year plan was adopted. This plan was supported by four key themes.

- Students
- Staff
- Commercial Growth and innovation
- Stakeholders

This plan will be controlled and evaluated on an annual basis by the governing body. The implementation is communicated through a variety of platforms and systems. Strong Robust targets are set followed with an annual review from the leadership team and presented with progress and impact assessments to the governing body. The plan is focused on maintaining the strong and lasting links made in the region alongside the ambition to further engage local stakeholders ensuring the college achieves its key performance indicators.

Ofsted

The College was inspected in 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:

Macclesfield College

Strategic Report (continued)

“ . . .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

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

RESOURCES

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

The College employs on average 224 permanent people (2021-22: 205), of whom 92 are teaching staff, excluding assessors and teachers in management posts.

Tangible resources are located on the main college site which consists of the main building, Mulberry building, ECAT and Peatfields. These buildings have a net book value of £14,283,000 (2021-22 £14,298,000).

The College has £2,164,000 (2021-22 £2,440,000 as restated) of net assets. For 2022-23 the college has no pension liability nor has it recognised the asset from the actuarial valuation due to the colleges inability to realise the asset in real terms (2021-22 £226,000 liability). The amount not recognised is £2,088,000. The college has long-term debt of £873,000 (2021-22 £1,018,000).

Macclesfield College

Strategic Report (continued)

Students

The College enrolled approximately 3,382 students. The College's student population includes 1,071 16-18 students; 748 Apprentices; 31 Higher Education students and 1,532 Adult students.

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).

STAKEHOLDER RELATIONSHIPS

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

- Students
- Parents
- Education sector funding bodies
- Staff
- Local employers (with specific links)
- Local Skills Improvement Plans
- Chamber of Commerce
- Local Enterprise Partnership (LEP)
- Local Authorities
- The local community
- Other FE institutions
- Trade unions
- Professional bodies
- All feeder schools in the region
- FE Commissioner

The College recognises the importance of these relationships and engages in regular communication with them.

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 20 and 21.

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

Macclesfield College

Strategic Report (continued)

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 with learning and assessment both on and off site of the college.
- Widening participation and tackling social exclusion by broadening opportunities for our community, in lifelong learning that builds regional skills prosperity.
- Excellent employment record and strong destinations for students.
- Strong student support systems that robustly respond to emerging trends.
- Strong collaboration with employers, industry and commerce creating an adaptive learning approach to regional needs.
- Robust relationships with Local Enterprise Partnerships (LEPS).
- Strong engagement with Local Skills Improvement Plans (LSIPS).
- Strong civic engagement addressing local skills challenges.
- Building a social and inclusive foundation to enable us to listen to community needs via multiple platforms.

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 2023 had a balance of £1.018 million, due for repayment over a remaining period of 6 years.

The College wishes to diversify its income, and successfully delivered high quality professional courses to employers during 2022-23.

The Macclesfield Academy

Macclesfield College Corporation continue to hold a sponsorship agreement through the trustees of The Macclesfield Academy and with the Department for Education. Resources and plans are in process to cease sponsorship arrangements.

Macclesfield College

Strategic Report (continued)

Curriculum Developments

The curriculum design was reviewed as part of the curriculum planning cycle in preparation for the 2022-23 academic year to ensure that the offer met the local and regional skills needs. In the academic year 2022-23 the college delivered programmes ranging from pre-entry to level 5. The curriculum is delivered in 14 of the 15 Sector Subject Areas. Apprenticeship provision was delivered with a range of employers including SME's and larger national and international providers.

The profile of study programme enrolments changed slightly in the 2022-2023 academic year, with a declining Level 3 cohort. The College continued to offer a modest Level 1 portfolio and has a small foundation learning cohort. In response to a continuing need for a provision for harder to engage learners, the College continued to deliver the Aspirations Academy in response to the social and emotional needs of a cohort of learners. This supports learners to acquire the skills and behaviours needed to access full time study. New academies introduced in September 2019 continue to be successful. The College successfully recruited to T Levels in Digital, Construction and Health and has further plans to launch more T Levels in September 2024.

Maths and English re-sit provision is delivered over a two-session per week timetable with face-to-face delivery supported with all resources being available online. 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. The continued identification and development of higher education opportunities remains a key strategic goal within the College's strategic plan and central to this is the launch of the Cheshire and Warrington Institute of Technology. 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.

Macclesfield College

Strategic Report (continued)

Financial Results

Unfortunately, the financial health grade of the college will see a decline to Requires Improvement for 2022/23. This is expected to be a one year decline only and has been caused by substantial increases in costs that were unexpected and out of the colleges control due to market forces following the end of fixed term contracts. These included Gas and Electricity, Student transport and Insurance. The college also experienced higher than normal agency placement fees for securing appointments in hard to recruit areas of the college. The college plans to recover to Good in 2023/24.

Due to the impact of the increased costs the Earnings before Interest, Taxation and Depreciation (EBITDA) has fallen below the level to be compliant with the bank loan covenant.

The College generated a deficit before the other gains and losses in the year of £637,000 (2021-22 a deficit of £1,020,000 as restated), with total comprehensive income deficit of £276,000 (2021-22 surplus £6,696,000). The College relies significantly on the education sector funding bodies for its principal funding source, largely recurrent grants. In 2022-23 the FE funding bodies provided 86% of the College's total income (2021-22 84%). The increase in funding from the ESFA from prior year is mainly due to an in-year growth payment for 16-18 funding following a successful enrolment period in August 2022.

The College has unrestricted reserves of £2,164,000 (2021-22 (£2,440,000 as restated) and cash balances of £1,123,000 (31 July 2022 £1,274,000).

Tangible and intangible fixed asset additions in the year amounted to £542,000 (2021-22 £706,000). £425,000 relates to Assets under Construction in relation to the Institute of Technology building and the additional capital funding received from DfE during 2022-23.

Cash Flows and Liquidity

Cash balances as at 31 July 2023 were £1,123,000 (31 July 2022 £1,274,000), a decrease from the previous year of £151,000 as a result of:

- the net cash outflow from operating activities of £427,000
- payments in respect of investing activities of £506,000
- payments in respect of financing activities of £230,000.

Reserves

The College has accumulated income and expenditure reserves of £1,145,000 and cash balances of £1,123,000. The College wishes to continue to accumulate reserves and cash balances in order to create a contingency fund to meet future capital requirements, ensure sufficient working capital and that the college is able to mitigate any risk that materialises with financial implications.

Macclesfield College

Strategic Report (continued)

The reserves were restated for 2021 and 2022 due to a restatement of Apprenticeship income for those years. The detail of this can be found in note 27 of the accounts.

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

FUTURE PROSPECTS

Future developments

The College opened the new T Level state of the art facilities in Digital and Health spaces in September 2022 and has recently been successful in securing grant funding of £1,146,556 to reconfigure and refurbish the Childcare and Creative Digital spaces in the Mulberry Building. Plans are currently underway for these areas and they will be ready for teaching from September 2024. The college has approved funding of £2,438,730 for the construction of a new Institute of Technology building which will be located to the rear of the campus next to the ECAT building.

From the recent DfE capital allocations the college plans to build a new outdoor Brickwork facility to accommodate the growth in student numbers in this area. The oldest part of the college (Peatfields) has also benefitted from these funds to improve the teaching and learning spaces. The College has also refurbished the Electrical space and moved this to the Mulberry building.

The college will continue to identify any new capital funding available to improve the estate.

Financial Plan

The College Governors approved a three-year plan in July 2023, which sets objectives for the period to 2025. The college aims to recover to its health rating of 'Good' and achieve a small adjusted operating surplus in 2023/24.

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Strategic Report (continued)

The college has recovered to pre-pandemic 16-18 numbers during the 2022 enrolment period and has been funded for 1,082 learners for 2023/24. The Adult Education budget is expected to perform well against allocation and growth in Apprenticeships is forecast in the financial plan. Other income streams are expected to stay largely in line with prior year performance.

Staff costs are expected to increase due to cost of living increases and an increase in staff numbers to accommodate increase in student numbers.

Other operating expenditure is largely expected to remain stable as the college has entered into contracts for fixed periods for large areas of spend that substantially increased during 2022-23 namely Gas/Electricity and Student transport contracts.

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.

Following the re-classification of colleges from private to public sector bodies any new private sector borrowing will require DfE permission.

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 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.

PRINCIPAL RISKS AND UNCERTAINTIES

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 2023 and up to the date of approval of the annual report and financial statements. This process is regularly reviewed by the Corporation.

Macclesfield College

Strategic Report (continued)

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

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 strategic level which is reviewed termly by the Audit Committee. 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 2022-23, 86% (2020-21 84%) 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.

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

- Reclassification of colleges from private to public sector bodies
- The Government's Spending Review
- Changes in Government
- Future changes in funding rates
- Short notice changes to funding
- Changes in funding policies
- Apprenticeship reforms

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Strategic Report (continued)

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 are 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 funding bodies.

2. Failure to maintain the financial viability of the College

The College's current financial health grade is classified as Requires Improvement (Good for 2021-22). 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. For 2022/23 this was further impacted by soaring costs seen nationally for Gas and Electricity prices and staffing and fuel costs from suppliers being passed on. This risk is mitigated in a number of ways:

- By rigorous budget setting procedures and sensitivity analysis
- Regular in year budget monitoring and forecast reviews
- Robust financial controls
- Exploring ongoing procurement efficiencies and tender exercises to ensure value for money

KEY PERFORMANCE INDICATORS

The colleges key performance indicators, targets and results are set out below: -

Key Performance Indicator	Original Target or benchmark	*Actual for 2022/23
Student Number Target – ESFA 16-18	1,100	1,059
Financial Health Measures (ESFA)		
Adjusted Current Ratio	> 1.4%	1.54
EBITDA – education specific	0.53%	-0.92%
Debt% to Income	9.31%	9.45%
Financial Health Grade	Good	RI
Bank Covenant – Debt Service Cover	1.85:1	-0.41:1
Staff costs as a % of income	< 65%	65.98%
Cash balance	>£1m	£1.123M
Student attendance (16-18)	91.5%	82.1%
Student achievement (all ages)	88.5%	81.8%
Student achievement (apps all ages)	68%	58%

*subject to the final submission of the Finance Record to the ESFA

Macclesfield College

Strategic Report (continued)

Student Achievements

Students continue to achieve at the College. The success rate was 81.8% in 2022-23 (81.4% for 2021-22).

Student Numbers

In 2022-23 the College delivered activity that produced £9,310,000 in re-current funding grants (2021-22 £8,601,000).

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 2022 to 31 July 2023, the College is satisfied this requirement was met and makes regular fortnightly payment runs. The College incurred no interest charges in respect of late payment for this period.

Streamlined Energy and Carbon Reporting

The college is committed to reducing its carbon emissions and has taken the following measures in the year to improve energy efficiency:

- Ongoing review and monitoring of the operating time zones for heating
- Closure of buildings 1 day per week eliminating staff and student travel
- Ongoing review of investment opportunities into renewable energy sources
- Programme of LED replacement lights across the estate
- VRF air condition units in all new build and refurbishments

The college's greenhouse gas emissions and energy use for the period calculated in line with the 2019 HM Government Environmental Reporting Guidelines, the GHG Reporting Protocol – Corporate Standard and the 2021 UK Government's Conversion Factors for Company Reporting are as follows:

UK Greenhouse gas emissions and energy use data for the period	2022-23
Energy consumption used to calculate emissions (kWh)	1,732,904
Scope 1 - Gas consumption	163.53
Scope 2 - Purchased electricity	163.02
Scope 3 - Business travel in employee owned vehicles	10.95
Total gross emissions in metric tonnes CO₂e	327.49
Intensity ratio Tonnes CO₂e per student	1.46

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Strategic Report (continued)

Equality and Diversity

Macclesfield College aims to positively encourage and promote a culture which values diversity and in which all individuals are treated fairly and with respect. It is committed to ensuring equality of opportunity for all who work and learn here. We work to help achieve equality for all learners, staff and other College users and aims to ensure that all learners have the same opportunity to benefit from educational opportunities.

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.

In line with its corporate responsibilities, the College has due regard to eliminate unlawful discrimination, harassment, victimisation and any other conduct prohibited by the Equality Act 2010. The College seeks to ensure that equality of opportunity is relevant and appropriate. It is embedded in all that we do and made clear our staff induction into the organisation. It is reinforced through all College Policies and all staff participate in regular and compulsory professional updating.

The College's Equality and Diversity Policy is published on the College's website. An Equality Analysis of existing or new policies is undertaken to ensure the College has due regard to the potential and/ or actual effect of equality issues in relation to each 'protected characteristic' namely age, disability, gender reassignment, pregnancy and maternity, race, religion or belief, sex, sexual orientation, marriage and civil partnership.

In September 2019, the College signed up to the Association of College's Mental Health Charter for staff and students.

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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.

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
1	1

Percentage of time spent on facility time

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

Percentage of pay bill spent on facility time

Total cost of facility time	£1,590
Total pay bill	£7,262,000
Percentage of the total bill spent on facility time	0.02%

Paid trade union activities

Time spent on paid trade union activities as a percentage of total paid facility time hours	100%
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Macclesfield College

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 Professional 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 at all points in the learner journey.
- h) Supportive measures for staff are promoted at induction and arranged as appropriate via the College's Occupational Health provider. They are also accessible through the College's Employee Assistance Programme.

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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 5 December 2023 and signed on its behalf by

A handwritten signature in black ink, consisting of several overlapping loops and a long horizontal stroke extending to the right.

Mark Sharples
Chair of Corporation

Macclesfield College

Governance Statement

The following statement is provided to enable readers of the annual report and accounts of Macclesfield College to obtain a better understanding of its governance and legal structure. This statement covers the period from 1 August 2022 to 31 July 2023 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 2023. This opinion is based on an internal review of compliance of the Code reviewed and reported to the Search and Governance Committee on 25 January 2022 and subsequently to the Corporation on 26 April 2022. An internal Governance Audit was carried out in June 2022 and reported to the Corporation on 5 July 2022. An External Governance Review was carried out during the academic year 2022-2023. 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.

Following the reclassification of Further Education colleges from private to public sector bodies in November 2022 the college complies with the overarching principles of the 'Managing Public Money' (MPM) guidance. Financial Regulations and procedures have been amended to incorporate the new rules specifically relating to borrowing, Senior Pay controls, write offs and losses, special payments and indemnities, guarantees and letters of comfort. The regulations have been shared with key staff and governors and systems are in place to handle these types of transactions.

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Governance Statement (continued)

Members of the Corporation

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

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	83%
Mr J Lewis	20 Sep 2022	4 Years				67%
Ms H Taylor	01 Sep 2022	4 years		Staff	Search and Governance	83%
Ms M JN	6 Dec 2022	Period concurrent with term of office as President of Students' Union	01 Aug 2023	Student		17%
Mr L R	6 Dec 2022	Period concurrent with term of office as Vice President of Students' Union	01 Aug 2023	Student		33%
Mrs S Horseman Nee Hughes	19 Jan 2015 Re-appointed 19 Jan 2019 Re-appointed 19 Jan 2023	4 years	27 Jun 2023	Co-opted Member	Audit Committee only as a Co-Opted Member	Not required to attend
Mr E Kennedy	09 Jul 2019 Reappointed 09 Jul 2023	4 years		Member		33%
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 08 Jul 2022	4 years		Member	Remuneration, Search and Governance	100%
Mrs J Walters	12 Dec 2017, Re-appointed 12 Dec 2021	4 years	25 Apr 2023	Member	Remuneration	100%

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Governance Statement (continued)

Name	Date of Appointment	Term of Office	Date of Resignation	Status of Appointment	Committees served	Attendance (Corporation meetings)
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 Re-appointed 02 April 2023	4 years			Audit Committee only as a Co-Opted Member	Not required to attend
Mrs G Lagan	8 Dec 2020	4 years				100%
Mr I Cass	01 Sep 2021	4 years			Remuneration	83%
Mr J Mairs	1 Jan 2022	4 years	17 Jul 2023		Audit Committee	50%
Mrs R Charlton	8 Feb 2022	4 years				50%
Mrs C Johns	11 May 2022	4 years			Audit Committee – will retire from Audit Committee April 2024, upon commencement of being appointed Chair of the Corporation Remuneration Committee from April 2024 upon retirement of the current Chair of the Corporation and appointment as Chair of the Corporation	83%
Mr A Hunter	25 April 2023	4 years			Audit Committee	100%
Ms I Jones	01 Sep 2022 (sat as an observer at the meeting on 5 July 2022)	4 years				83%

R Clare acts as Director of Governance.

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Governance Statement (continued)

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.

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 on the college's website or 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 their independent judgement.

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

Macclesfield College

Governance Statement (continued)

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 2023 and graded itself as "Good" on the Ofsted scale. The Governing Body is committed to development and held two full day development sessions on 11 October 2022 and 9 May 2023. There were four update briefings throughout the year which were held on Corporation meeting dates. Three governors attended Governor Induction training, this included two staff governors. Two students attended Student Governor training. A CEO Round Table was held and three governors attended the event, with the focus being skills. Governors completed training in a number of key areas such as Safeguarding, Prevent, GDPR and Data Protection. Governors attended ETF/AoC training events for topics such as T Levels, Governance and ONS Reclassification, in addition to regional and national Governance Conferences and Staff Governor training. Governors were invited to a staff development day where the focus was on standards and expectations. The Principal, Chair and Director of Governance attended the regional AoC networks throughout the year. The Chair of the Audit Committee attended Chair of Finance Committee training. The Chair of the Corporation, Principal and Director of Governance have previously completed the Leadership Development Programmes in conjunction with the University of Oxford. A full update was provided by the College Safeguarding Lead on Safeguarding and Keeping Children Safe in Education Guidance.

The governing body considered DfE guidance on board reviews and a formal external review took place in the academic year 2022-23.

Training for the Corporation and Governance Professional

There has been outstanding engagement from Corporation Members and the Governance Professional, and this is shown in the training hours achieved at 320 hours.

The Governance Professional and Chair of the Corporation have completed the Oxford Said Leadership Programme.

Macclesfield College

Governance Statement (continued)

The details of the training and development activities that were undertaken in the academic year 2022-2023 are detailed below:

- Induction training for Staff, Student and newly appointed Governors (both internal and external training)
- Safeguarding for Governors, including Keeping Children Safe in Education and Prevent
- Chair of Finance Committee Training
- Cheshire Economic and Skills Priorities (The CEO Round Table)
- Business Essentials including, Cyber Security and Data Protection
- The new Apprenticeship Accountability Framework
- Strategic Development including the FE Sector National Context
- How well the Education or training provided meets local needs
- Tour of the campuses and Curriculum provision and offer
- Student and Staff Governors Conference
- AoC Principal, Chairs and Governor Professional Group throughout the academic year
- Ofsted Ready Updates
- T Level Update
- AoC Annual Conference
- Governance Professional Annual Conference.

Governors also participated in Governor Strategic Development Events that had a particular focus on: -

- AoC Update on the sector
- New Strategic Plan 2023 - 2028
- New Behaviour Policy – Skills and Wills
- New and evolving Curriculum
- Financial Plan and Reserves Strategy
- Review of education or training in relation to local needs (Skills Report)
- Accountability Statement
- Ofsted Briefing
- Estates Strategy – Peatfields
- SWOT Analysis Student and Staff behaviour, Employers, Community Engagement and Finances
- Aims Academic Strategy 2023-2028
- Aims Financial and Resources 2023-2028.

Macclesfield College

Governance Statement (continued)

Remuneration Committee

Throughout the year ending 31 July 2023 the College's Remuneration Committee comprised 6 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. The college has adopted the AoC's Senior Staff Remuneration Code.

Details of remuneration for the year ended 31 July 2023 are set out in note 8 to the financial statements.

Audit Committee

In 2022-2023 the Audit Committee comprised four members of the Corporation and two 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 auditors, 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 audit committee has advised the board of governors that the corporation has an effective framework for governance and risk management in place. The audit committee believes the corporation has effective internal controls in place.

The specific areas of work undertaken by the audit committee in 2022/23 and up to the date of the approval of the financial statements are:

- Payroll
- Health, Safety & Wellbeing (Follow Up)
- Student Records
- IT Health Check
- Information Governance
- Follow Up

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

Macclesfield College

Governance Statement (continued)

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

The Audit Committee met three times in the year to 31 July 2023. All meetings were quorate. The members of the committee and their records are shown below:

Committee Member:	Meetings attended:
M Wright	3
J Mairs	0 *
S Horseman	0 *
M Bowers	3
N Schofield	1 (no longer serves on the Audit Committee)
C Johns	3
A Hunter	0 (newly appointed)

Iain Lees has been appointed as a Co-Opted Member to the Audit Committee and will attend his first meeting in November 2023. Graeme Bristow has been appointed as a full Corporation Member and will serve on the Audit Committee, with his first meeting in November 2023.

The Audit Committee from November 2023 will be the following:

M Wright (Chair of the Audit Committee)

M Bowers

A Hunter

I Lees

G Bristow

N Hodgkinson

C Johns will attend the meeting until she becomes Chair of the Corporation and then she will no longer attend the Audit Committee.

*The two Members with low attendance have now left 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.

Macclesfield College

Governance Statement (continued)

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 has been in place in Macclesfield College for the year ended 31 July 2023 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 2023 and up to the date of approval of the annual report and accounts. This process is regularly reviewed by the Corporation.

The risk and control framework

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

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

Governance Statement (continued)

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 their 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.

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 2023 by considering documentation from the senior management team and internal audit, and taking account of events since 31 July 2023.

Macclesfield College

Governance Statement (continued)

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 has declined to Requires Improvement at the close of 2022/23 due to a number of factors detailed within the financial results section of this report however future forecasts based on increased student numbers which have been evidenced through the August 2023 enrolment period and increased DfE funding show the college recovering to Good for 2023/24 and beyond, considering all known factors on the college’s financial position and cash flows.

Due to the increased costs during 2022/23 the impact on the Earnings before Interest, Tax and depreciation (EBITDA) calculation used to measure the bank covenant has been breached for 2022/23. This position has been shared and communicated with the bank alongside the robust financial plans for 2023/24 and beyond which show the recovery of the financial position. No further action has been instigated by the bank.

The college sets 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 45.

Approved by order of the members of the Corporation on 5 December 2023 and signed on its behalf by:



Mark Sharples
Chair



Rachel Kay
Accounting Officer

Macclesfield College

Statement on the College's Regularity, Propriety and Compliance

As accounting officer, I confirm that the corporation has had due regard to the framework of authorities governing regularity, priority and compliance, and the requirements of grant funding agreements and contracts with ESFA, and has considered its responsibility to notify ESFA of material irregularity, impropriety and non-compliance with those authorities and terms and conditions of funding.

I confirm on behalf of the corporation that after due enquiry, and to the best of my knowledge, I am able to identify any material irregular or improper use of funds by the corporation, or material non-compliance with the framework of authorities and the terms and conditions of funding under the corporation's grant funding agreements and contracts with ESFA, or any other public funder. This includes the elements outlined in the "Dear accounting officer" letter of 29 November 2022 and ESFA's bite size guides.

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



Rachel Kay
Accounting officer
5 December 2023

Statement of the chair of governors

On behalf of the corporation, I confirm that the accounting officer has discussed their statement of regularity, propriety and compliance with the board and that I am content that it is materially accurate.



Mark Sharples
Chair of governors
5 December 2023

Macclesfield College

Statement of Responsibilities of the Members of the Corporation

The members of the corporation are required to present audited financial statements for each financial year. Within the terms and conditions of the corporation's grant funding agreements and contracts with ESFA, the corporation is required to prepare financial statements which give a true and fair view of the financial performance and position of the corporation for the relevant period.

Corporations must also prepare a strategic report which includes an operating and financial review for the year. The bases for the preparation of the financial statements and strategic report are the Statement of Recommended Practice – Accounting for Further and Higher Education, ESFA's College Accounts Direction and the UK's Generally Accepted Accounting Practice. 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 UK accounting standards have been followed, subject to any material departures disclosed and explained in the financial statements
- assess whether the corporation is a going concern, noting the key supporting assumptions, qualifications or mitigating actions, as appropriate (which must be consistent with other disclosures in the accounts and auditor's report)
- prepare financial statements on the going concern basis unless it is inappropriate to assume that the corporation will continue in operation

The corporation is also required to prepare a strategic report, in accordance with paragraphs 3.23 to 3.27 of the FE and HE SORP, that describes what it is trying to do and how it is going about it, including information about the legal and administrative status of the corporation.

The corporation is responsible for keeping proper accounting records which disclose, with reasonable accuracy at any time, the financial position of the corporation 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 its website(s); the work carried out by auditors does not involve consideration of these matters and, accordingly, 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 and that the financial transactions conform to the authorities that govern them. In addition, they are responsible for ensuring that funds from ESFA, and any other public funds, are used only in accordance with ESFA's grant funding agreements and contracts and any other conditions, that may be prescribed from

Macclesfield College

time to time by ESFA, or any other public funder, including that any transactions entered into by the corporation are within the delegated authorities set out in the "Dear accounting officer" letter of 29 November 2022 and ESFA's bite size guides. 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 economic, efficient and effective management of the corporation's resources and expenditure so that the benefits that should be derived from the application of public funds from ESFA and other public bodies are not put at risk.

Approved by order of the members of the Corporation on 5 December 2023 and signed on its behalf by:

A handwritten signature in dark ink, consisting of several overlapping loops and a long horizontal stroke extending to the right.

Mark Sharples
Chair

Macclesfield College

MACCLESFIELD COLLEGE

INDEPENDENT AUDITOR'S REPORT TO THE CORPORATION OF MACCLESFIELD COLLEGE FOR THE YEAR ENDED 31 JULY 2023

Opinion

We have audited the financial statements of Macclesfield College (the 'College') for the year ended 31 July 2023 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 2023, 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.

Macclesfield College

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

Macclesfield College

- 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.

Macclesfield College

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 or 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 2022 to 2023;
- 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

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 2022 to 2023.

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

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;

Macclesfield College

- 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.

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
Statutory Auditor
168 Bath Street
Glasgow
G2 4TP

Date: 5 December 2023

Macclesfield College

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 25 September 2023 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 2022 to 31 July 2023 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.

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 2022 to 31 July 2023 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.

Macclesfield College

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.

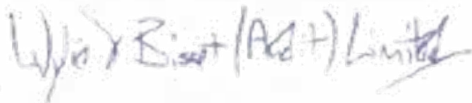
Our engagement includes examination, on a test basis, of evidence relevant to the regularity of the corporation's income and expenditure.

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 2022 to 31 July 2023 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

Statutory Auditors

168 Bath Street

Glasgow

G2 4TP

Date: 5th December 2023

Macclesfield College

College Statement of Comprehensive Income For the year ended 31 July 2023

	Notes	College 2023 £'000	As restated College 2022 £'000
INCOME			
Funding body grants	3	9,917	9,051
Tuition fees and education contracts	4	771	943
Research grants and contracts	5	-	132
Other income	6	766	627
Investment income	7	8	-
Total income		11,462	10,753
EXPENDITURE			
Staff costs	8	7,154	7,240
Restructuring costs	8	108	71
Other operating expenses	9	3,722	3,360
Depreciation and amortisation	13	1,006	904
Interest and other finance costs	11	109	198
Total expenditure		12,099	11,773
Deficit before other gains and losses		(637)	(1,020)
Deficit before tax		(637)	(1,020)
Taxation	12	-	-
Deficit for the year		(637)	(1,020)
Remeasurement of net defined benefit pension liability	22	361	7,716
Total Comprehensive Expenditure for the year		(276)	6,696

All items of Income and expenditure relate to continuing activities.

Macclesfield College

College Balance Sheet as at 31 July 2023

	Notes	College 2023 £'000	As restated College 2022 £'000
Fixed assets			
Tangible assets	13	14,908	15,364
Intangible fixed assets	13	39	7
		14,947	15,371
Current assets			
Stocks		15	15
Debtors	14	743	600
Cash at bank and in hand	19	1,123	1,274
Total current assets		1,881	1,889
Current liabilities			
Creditors – amounts falling due within one year	15	(2,071)	(2,285)
Net current liabilities		(190)	(396)
Total assets less current liabilities		14,757	14,974
Creditors – amounts falling due after more than one year	16	(12,460)	(12,157)
Provisions for liabilities			
Defined benefit pension schemes	18	-	(226)
Other provisions	18	(133)	(152)
Total net assets		2,164	2,440
Unrestricted reserves			
Income and expenditure reserve		1,145	1,421
Revaluation reserve		1,019	1,019
Total unrestricted reserves		2,164	2,440

Macclesfield College

The financial statements on pages 40 to 71 were approved and authorised for issue by the Corporation on 5 December 2023 and were signed on its behalf on that date by:

A handwritten signature in black ink, consisting of several overlapping loops and a long horizontal stroke extending to the right.

Mark Sharples
Chair

A handwritten signature in black ink, featuring a series of loops and a horizontal line.

Rachel Kay
Accounting Officer

Macclesfield College

College Statement of Changes in Reserves For the year ended 31 July 2023

	Note	Income and expenditure reserve £'000	Revaluation reserve £'000	Total £,000
College				
Balance at 1 August 2021 as restated		(5,275)	1,019	(4,256)
(Deficit) for the year as restated	27	(1,020)	-	(1,020)
Other comprehensive income		7,716	-	7,716
Transfers between revaluation and income and expenditure reserves		-	-	-
Total comprehensive income for year as restated		6,696	-	6,696
Balance at 31 July 2022		1,421	1,019	2,440
(Deficit) for the year		(637)	-	(637)
Other comprehensive income		361	-	361
Transfers between revaluation and income and expenditure reserves		-	-	-
Total comprehensive expenditure for the year		(276)	-	(276)
Balance at 31 July 2023		1,145	1,019	2,164

Macclesfield College

Consolidated Statement of Cash Flows For the year ended 31 July 2023

	Notes	2023 £'000	2022 £'000
Cash flow from operating activities			
Deficit for the year		(637)	(1,020)
Adjustment for non-cash items			
Depreciation	13	998	898
Amortisation	13	8	6
Increase in stocks		-	(12)
(Increase) / Decrease in debtors	14	(143)	193
Increase in Bank loans payments due within one year	15	9	8
(Decrease)/Increase in creditors due within one year	15	(223)	11
Decrease in creditors due after one year	16	(449)	(749)
Decrease in provisions	18	(245)	(8)
Pensions costs less contributions payable		126	955
Other		(10)	(11)
Adjustment for investing or financing activities			
Investment income		(8)	-
Interest payable	11	94	77
Net cash flow from operating activities		<u>(480)</u>	<u>348</u>
Cash flows from investing activities			
Investment income		8	-
Receipts of capital grants		1,090	338
Payments made to acquire fixed assets	13	(539)	(706)
		<u>559</u>	<u>(368)</u>
Cash flows from financing activities			
Interest paid	11	(94)	(77)
Repayments of amounts borrowed	17	(136)	(128)
		<u>(230)</u>	<u>(205)</u>
(Decrease) in cash and cash equivalents in the year		<u>(151)</u>	<u>(225)</u>
Cash and cash equivalents at beginning of the year	19	1,274	1,499
Cash and cash equivalents at end of the year	19	1,123	1,274

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Net Debt

	At 1 August 2022	Cash flows	Other non-cash changes	At 31 July 2023
	£'000	£'000	£'000	£'000
Cash and cash equivalents	1,274	(151)	-	1,123
Loans falling due within one year	(136)	85	(94)	(145)
Loans falling due after more than one year	(1,018)	145	-	(873)
Total	120	79	(94)	105

Macclesfield College

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 3. 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 2022 to 2023 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.

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 2023/2024 and 2024/25 continues to demonstrate Good Financial Health. 16-19 numbers declined during the August 2021 period due to remote open evenings and learners remaining at sixth forms during the pandemic which affected the funding for 2022/23 based on the lagged funding model however numbers have recovered during the August 2022 enrolment period and the funding for 2023/24 is back to pre-pandemic levels. Apprenticeship income has remained strong and is a significant income stream for the College going forwards. The College improved its Apprenticeship position in 2022/23 and has included realistic growth for 2023/24.

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Teachers' Pension Scheme income funded by the ESFA continues to July 2024, thereafter this funding will be met through College budgets.

16-18 funding is 'guaranteed' through the lagged funding system for 2023-24; for 2024-25 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 2023 had a balance of £1.018 million, due for repayment over a remaining period of 6 years.

The College's Balance sheet has a net current liability position as at 31 July 2023 of £190k (2021-22 - £396K as restated) which includes cash balances of £1.123M in assets and non-cash liabilities of deferred capital grants of £666K.

The total net assets of the college have declined slightly from the prior year with net assets of £2.164M compared to £2.440M for 2021-22. This has been mainly driven by a reduction in the net book value of the college fixed assets with lower assets under construction than prior year. The college is no longer holding a pension liability as at 31 July 2023 in comparison to £226K in 2021-22. The actuarial valuation for 31 July 2023 is reporting a £2.088M asset however the college is not reporting this as an asset as the college is unable to realise this amount either through refund from the pension scheme or a reduction in future contribution rates. The provision is therefore reported at nil value in the balance sheet as at 31 July 2023.

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 2023 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.

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

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

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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 impairments 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.

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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

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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.

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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.

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.

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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 22, 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 2022 has been used by the actuary in valuing the pensions liability at 31 July 2023. 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.

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The actuarial valuation for 31 July 2023 is reporting a £2.088M asset however the college is not reporting this as an asset as the college is unable to realise this amount either through refund from the pension scheme or a reduction in future contribution rates. The provision is therefore reported at nil value in the balance sheet as at 31 July 2023.

3 Funding body grants

	2023 College £'000	As restated 2022 College £'000
Recurrent grants		
Education & Skills Funding Agency: Adult	508	339
Education & Skills Funding Agency: 16-18	6,313	6,225
Education & Skills Funding Agency: Apprenticeships (funded)	2,447	2,000
Office for Students	42	37
Specific Grants		
Releases of government capital grants	373	283
T Level Specialist Equipment grant	50	31
Teacher Pension Scheme contribution grant	182	134
HE Grant	2	2
Total	9,917	9,051

4 Tuition fees and education contracts

	2023 College £'000	2022 College £'000
Adult education fees	216	189
Apprenticeship fees and contracts	16	92
Fees for FE loan supported courses	162	208
Fees for HE loan supported courses	87	137
Total tuition fees	481	626
Education contracts	290	317
Total	771	943

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4a Total grant and fee income

	2023 College £'000	2022 College £'000
Grant income from the OfS	42	37
Grant income from other bodies	9,875	9,014
Total grant income	9,917	9,051

5 Research grants and contracts

	2023 College £'000	2022 College £'000
Estate Remedial Works	-	132
Total	-	132

6 Other income

	2023 College £'000	2022 College £'000
Catering and residences	223	138
Other income generating activities	198	88
Other grant income	318	318
Miscellaneous income	27	83
Total	766	627

7 Investment income

	2023 College £'000	2022 College £'000
Other interest receivable	8	-

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8 Staff costs and key management personnel remuneration

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

	2023	2022
	No.	No.
Teaching staff	92	74
Non-teaching staff	132	131
	<u>224</u>	<u>205</u>

8 Staff costs and key management personnel remuneration (continued)

Staff costs for the above persons

	2023	2022
	£'000	£'000
Wages and salaries	5,290	4,697
Social security costs	476	445
Other pension costs	1,284	1,891
Payroll sub total	7,050	7,033
Contracted out staffing services	104	207
	<u>7,154</u>	<u>7,240</u>
Fundamental restructuring costs - contractual	108	71
Total staff costs	<u>7,262</u>	<u>7,311</u>

The college paid 5 severance payments (included in restructuring costs) in the year, disclosed in the following bands:

0 - £25,000	3
£25,001 - £50,000	1
£50,001 - £100,000	1

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, Deputy Principal and Director of Finance and Estates. Staff costs include compensation paid to key management personnel for loss of office.

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

	2023 No.	2022 No.
The number of key management personnel including the Accounting Officer was:	3	4

8 Staff costs and key management personnel remuneration (continued)

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	
	2023 No.	2022 No.	2023 No.	2022 No.
£35,001 to £40,000	-	1	-	-
£45,001 to £50,000	-	1	-	-
£65,001 to £70,000	1	-	-	-
£80,001 to £85,000	-	1	-	-
£85,001 to £90,000	1	-	-	-
£135,001 to £140,000	-	1	-	-
£145,001 to £150,000	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:

	2023 £'000	2022 £'000
Salaries – gross of salary sacrifice and waived emoluments	299	310
Benefits in kind	-	-
Employer's National Insurance (or Social Security contributions)	38	40
	<u>337</u>	<u>350</u>
Pension contributions	72	74
Total key management personnel compensation	<u>409</u>	<u>424</u>

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

8 Staff costs and key management personnel remuneration (continued)

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

	2023 £'000	2022 £'000
Salaries	147	140
Benefits in kind	-	-
Employer's National Insurance	19	19
	<u>166</u>	<u>159</u>
Pension contributions	36	34
Total	<u>202</u>	<u>193</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.

	2023 No.	2022 No.
Basic salary as a multiple of median basic salary of staff	5.58	6.22
Total remuneration as a multiple of median total remuneration of staff	7.68	8.57

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 Teachers 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 2021 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.

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8 Staff costs and key management personnel remuneration (continued)

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 (2021/22 – one) with total expenses of £295 (2021/22 - £180) 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

	2023	2022
	£'000	£'000
Teaching costs	1,676	1,409
Non-teaching costs	1,125	880
Premises costs	848	958
Subcontractor costs	73	113
Total	3,722	3,360

	2023	2022
	£'000	£'000
Surplus/(deficit) before taxation is stated after charging/(crediting):		
Auditors' remuneration:		
- Financial statements audit	18	18
- Internal audit	15	15
Operating lease rentals	5	5

10 Write offs

The college has written off bad debts totalling £14,300 during 2022-23 including one debt in relation to student tuition fees from 2019 amounting to £5,800. Despite colleges best efforts these amounts were deemed to be irrecoverable.

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11 Interest payable and other finance costs

	2023 £'000	2022 £'000
Interest on bank loans, overdrafts	94	77
Interest on other loans	-	-
	<u>94</u>	<u>77</u>
Net interest on defined pension liability (Note 23)		
- LGPS	10	118
- Enhanced Pension	5	3
	<u>109</u>	<u>198</u>
Total	109	198

12 Taxation

The college 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 52 and with its legal status as outlined in page 4 of this document.

13 Tangible and intangible fixed assets

Intangible Fixed Assets	Computer Software £'000	Total £'000
Cost		
At 1 August 2022	38	38
Additions	40	40
At 31 July 2023	<u>78</u>	<u>78</u>
Amortisation		
At 1 August 2022	31	31
Charge for the year	8	8
At 31 July 2023	<u>39</u>	<u>39</u>
Net book value at 31 July 2023	<u>39</u>	<u>39</u>
Net book value at 31 July 2022	<u>7</u>	<u>7</u>

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13 Tangible and intangible fixed assets

Tangible fixed assets	Land & Buildings	Equipment	Assets in the course of construction	Total
	Freehold £'000	£'000	£'000	£'000
Cost				
At 1 August 2022	22,427	3,721	-	26,750
Additions	53	64	425	542
Transfers	666	194	(860)	-
Disposals	-	(470)	-	(470)
At 31 July 2023	23,146	3,509	167	26,822
Amortisation				
At 1 August 2022	8,129	3,257	-	11,386
Charge for the year	734	264	-	998
Disposals	-	(470)	-	(470)
At 31 July 2023	8,863	3,051	-	11,914
Net book value at 31 July 2023	14,283	458	167	14,908
Net book value at 31 July 2022	14,298	464	602	15,364

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.

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14 Debtors

	2023 College £'000	2022 College £'000
Amounts falling due within one year:		
Trade debtors	46	60
Prepayments and accrued income	305	287
Amounts owed by the ESFA	392	253
Total	743	600

15 Creditors: amounts falling due within one year

	2023 College £'000	2022 College £'000
Bank loans and overdrafts	145	136
Trade creditors	208	171
Other taxation and social security	452	271
Accruals and deferred income	504	803
Government grants (capital)	666	718
Amounts owed to the ESFA	96	186
Total	2,071	2,285

16 Creditors: amounts falling due after one year

	2023 College £'000	2022 College £'000
Bank loans	873	1,018
Government grants (capital)	11,587	11,139
Total	12,460	12,157

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17 Maturity of debt

Bank loans and overdrafts are repayable as follows:

	2023 College £'000	2022 College £'000
In one year or less	145	136
Between one and two years	154	145
Between two and five years	522	491
In five years or more	197	382
Total	1,018	1,154

18 Provisions for liabilities

	Defined Benefit Obligations (Note 22) £'000	Enhanced Pensions £'000	Total £'000
At 1 August 2022	226	152	378
Utilised in the year	(693)	(15)	(708)
Additional provision in the year	-	-	-
Reversed in the year	467	(4)	463
At 31 July 2023	-	133	133

The enhanced pension provision relates to the cost of staff who have already left the College's employment 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:

	2023	2022
Interest Rate	5.0%	3.3%
Inflation Rate	2.8%	2.9%

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19 Cash and cash equivalents

	At 1 August 2022	Cash flows	Other changes	At 31 July 2022
	£'000	£'000	£'000	£'000
Cash and cash equivalents	1,274	(151)	-	1,123
Overdrafts	-	-	-	-
Total	1,274	(151)	-	1,123

20 Capital commitments

	2023 £'000	2022 £'000
Commitments contracted for at 31 July 2023	-	326

21 Commitments under operating leases

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

	2023 £'000	2022 £'000
Payments due		
Not later than one year	5	4
Later than one year and not later than five years	5	8
Total	10	12

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22 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	2023 £'000	2022 £000
Teachers' Pension Scheme: contributions paid	476	437
Local Government Pension Scheme:		
Contributions paid	692	617
FRS 102 (28) charge	<u>116</u>	<u>837</u>
Charge to the Statement of Comprehensive Income	808	1,454
Enhanced pension charge to the Statement of Comprehensive Income	-	-
Total Pension Cost for Year within staff costs	<u>1,284</u>	<u>1,891</u>

The pension costs are assessed in accordance with the advice of independent qualified actuaries. The latest actuarial valuation of the TPS was 31 March 2020 and of the LGPS 31 March 2022.

There were no outstanding or prepaid contributions at either the beginning or the end of the financial year. Contributions amounting to £199,769 (2022 £135,334) were payable to the schemes at 31 July 2023 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

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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 2022/23 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 £642,900 (2022: £591,079)

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 2023 was £877,592, of which employer's contributions totalled £692,173 and employees' contributions totalled £185,419. 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 2022 updated to 31 July 2023 by a qualified independent actuary.

	At 31 July 2023	At 31 July 2022
Rate of increase in salaries	3.7%	3.4%
Future pensions increase	3.0%	2.7%
Discount rate	5.1%	3.5%
Commutation of pensions to lump sums	65%	50%

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

	At 31 July 2023 Years	At 31 July 2022 Years
<i>Retiring today</i>		
Males	20.3	21.2
Females	24.1	23.8
<i>Retiring in 20 years</i>		
Males	21.3	22.1
Females	25.7	25.5

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

	Fair value at 31 July 2023 £'000	Fair value at 31 July 2022 £'000
Equity instruments	7,340	6,535
Debt instruments	5,658	5,644
Property	1,988	1,931
Cash	306	743
Effect of curtailment	(2,088)	-
Total fair value on plan assets	13,204	14,853
 Actual return on plan assets	 (1,112)	 (1,146)

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

	2023 £'000	2022 £'000
Current service cost	809	1,445
Past service cost		
Net interest on the net defined benefit pension liability	10	118
Total	819	1,563

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Changes in the present value of defined benefit obligations

	2023 £'000	2022 £'000
Defined benefit obligations at start of period	15,079	22,235
Current service cost	809	1,445
Past service cost	-	-
Interest cost	540	366
Contributions by scheme participants	186	166
Benefits paid	(282)	(268)
Plan introductions, changes, curtailments and settlements, actuarial (gains) / losses	(3,128)	(8,865)
Defined benefit obligations at end of period	13,204	15,079

Changes in fair value of plan assets

	2023 £'000	2022 £'000
Fair value of plan assets at start of period	14,853	15,245
Interest income	530	248
Return on plan assets (excluding net interest on the net defined benefit liability)	(1,112)	(1,146)
Experience gains and losses on defined benefit assets	424	-
Employer contributions	693	608
Contributions by scheme participants	186	166
Estimated benefits paid	(282)	(268)
Remeasurement: curtailment of surplus	(2,088)	-
Fair value of plan assets at end of period	13,204	14,853

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.

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No gain was recognised for the impact of the McCloud judgment for past service costs at 31 July 2023.

23 Related party transactions

No governor has received any remuneration or waived payments from the College or its subsidiaries during the year (2022: None).

Transactions with associates

The Macclesfield Academy

The College is the sponsor for Macclesfield Academy, a company limited by guarantee and an exempt charity. The College charged The Macclesfield Academy £566 (2022: £868). This represents the cost of postage charges. The amount outstanding, included within debtors at 31 July 2023 was £59.

The college paid the Macclesfield Academy £11,268 (2022: £nil) for Sports Hall recharges. There were no amounts outstanding as at 31 July 2023.

Park Lane School

The College charged Park Lane School £13,312 (2022: £40,246). This represents the costs of the Estates Manager's salary and water charges. The amount outstanding, included within debtors at 31 July 2023 was £5,212 (2022: £nil).

North Cheshire Chamber of Commerce

The College charged North Cheshire Chamber of Commerce £3,825. This represents the cost of training costs and membership to the Cheshire Business School. There were no amounts outstanding as at 31 July 2023.

The College paid £7,646 (2022: £840) for patronage, sponsorship and chamber member fees. There were no amounts outstanding as at 31 July 2023 (2022: £nil).

East Cheshire NHS Trust

The College charged East Cheshire NHS Trust £48,880. This represents the cost of tuition fees, fees for the Cheshire Business School, room hire and apprenticeship co-investment charges. The amount outstanding, included within debtors at 31 July 2023 was £8,120 (2022: £nil).

Harts Ltd

The college charged Harts Ltd £623 (2022: nil). This represents the cost of Apprenticeship co-investment funds and exam resit fees.

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The college paid Harts Ltd £1,000 (2022: £nil) for employer incentive payments. There were no amounts outstanding as at 31 July 2023 (2022: £nil).

Key management compensation disclosure is given in Note 8.

24 Amounts disbursed as agent

Learner Support funds	2023 £'000	2022 £'000
Funding body grants – 16-19 bursary support	216	203
Other funding body grants	58	60
Interest earned	-	-
	<hr/> 274	<hr/> 263
Disbursed to students	(195)	(195)
Administration costs	(11)	(10)
	<hr/>	<hr/>
Balance unspent as at 31 July 2023, included in creditors	<hr/> 68	<hr/> 58

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.

25 Events after the reporting period

There are no events after the reporting period.

26 Contingent Liabilities

In the case of *Harpur Trust v Brazel* 2022, the Supreme Court judged in favour of the appellant which means that calculating holiday pay at a rate of 12.07% is no longer sufficient. However, given the significant implications the Government launched further consultation, which ended on 9th March 2023. The Government is now analysing feedback and we will be informed in due course whether the ruling is overturned or not. As there is still uncertainty as to the value of any liability, it has not been practical to estimate the potential liability at this stage (2021-22: £nil).

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27 Prior Year adjustment

	£'000
Income and Expenditure reserve at 1 August 2021 as previously stated	(5,162)
Effect of restatement of 2021 Apprenticeship income	(113)
Income and Expenditure reserve at 1 August 2021 as restated	(5,275)
 Statement of Comprehensive income reconciliation	 (856)
Effect of restatement of 2022 Apprenticeship income	(164)
Deficit at 31 July 2022 as restated	(1,020)

During the year-end 2022-23 it has been necessary to re-state the prior year income for Apprenticeships and the prior year reserves balances. This was due to an internal error which caused the amounts to be overstated. There are no cash transactions in relation to this re-statement.

