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# ANNUAL REPORT & FINANCIAL STATEMENTS

2014-2015



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# CHAIR OF THE BOARD'S WELCOME



It's an exciting time to be a part of The Manchester College Group. In 2014/15, our task has been to consider who we are and who we should be in the future. So far, this has been an intensive but enjoyable piece of work and all signs are positive.

Our most valuable assets are, of course, our people – our colleagues and learners. This year we celebrated our people with our awards for colleagues and our first ever awards for learners. Our people were also celebrated outside the organisation, with a number of external award nominations and wins.

Our valuable colleagues and learners collectively form The Manchester College Group. This year, we have begun to execute our Change Programme to ensure our Group structure continues to reflect our mission; to improve lives and economic success through learning and skills. Key successes this year have included working towards the building of a new standalone organisation, the Justice Sector, now working with more than 65,000 offender learners. We have acquired Total People, one of the best regarded training providers in England, and we're preparing to open our new Centre of Excellence for Medical Sciences in the heart of Manchester's hospital quarter. Our new MOL brand was launched as the division celebrated 30 years of delivering quality outcomes to learners.

We are reviewing our estate to ensure we continue to be best located for the needs of our learners in Greater Manchester and across the UK. I am proud to be Chair of a newly restructured Board of Governors; again, reviewed and restructured to best reflect the needs of our learners and other stakeholders.

All of this positive change comes within a year of The Manchester College's 'Good' Ofsted rating. I'm proud to say that we've built on this result and continue to go from strength to strength.

**Councillor Sue Murphy**  
Chair of the Board,  
The Manchester College Group

*“Our most valuable assets are, of course, our people – our colleagues and learners.”*

# CHIEF EXECUTIVE'S WELCOME



We are all leaders. To me, leadership means each of us playing our part in making great ideas happen. That's exactly what we've continued to do as The Manchester College Group over the last year.

Our justice provision has turned the national picture on its head, with 83% rated 'Outstanding' or 'Good' by HMIP/Ofsted while the opposite is the case for other providers. 2014/15 has seen our Justice Sector become the number one provider in the sector, winning new contracts in London prisons. Furthermore, our justice research partnership with Manchester Metropolitan University (MMU) ensures that we will lead the field in knowledge and analysis. We are now one of the largest Apprenticeship providers in the North West. This was consolidated this year with the acquisition of award-winning provider, Total People, confirming our position as number two Apprenticeship provider in Greater Manchester.

2014/15 brought challenges to the further education sector as the Government announced drastic cuts to adult education funding. We led the way in condemning the cuts and ensured our learners had the best information, advice and guidance to make positive decisions.

In higher education we joined MMU in a significant partnership that will enable our organisations to lead the way on the Greater Manchester skills agenda.

Our creative output has continued to stride ahead of the game this year, from the launch of our powerful new MOL brand to the opening of our new film studio for higher education learners.

Advances like these call for a talented, dedicated workforce, which is why I'm proud that we're a leader in local and national employment with 5,000 colleagues working across more than 120 locations and providing skills and learning to over 80,000 learners. Our contribution as a business has been assured as we achieved a 'Good' rating for our financial performance in 2013/14 and 2014/15.

As we roll out our Change Plan, proactively transforming our provision – and ourselves as a Group – to be the very best we can, I look forward to leading this culture of leaders in our next exciting steps.

**John Thornhill**  
Chief Executive,  
The Manchester College Group

# OUR STRATEGY, VISION & VALUES

Our mission is to improve lives & economic success through learning & skills.

## OUR VISION

The Manchester College is already a group of organisations within a whole. Over the last year we have started to formalise this in a new group structure, which will allow many of our commercial areas of activity the space to grow further to reach their full potential. We are focused on achieving quantified goals for our separate areas of operation, as captured in our strategic business objectives. These are in line with our visions for our five main areas of activity.

## OUR VISIONS

<b>Further Education:</b>	'The leading college for progression and employability'
<b>Higher Education:</b>	'A leading provider of flexible, affordable, career-relevant education'
<b>Offender Learning:</b>	'The UK leader and innovator in Offender Learning, skills and employability'
<b>Apprenticeships and Employer Training:</b>	'A leading provider of regional and national employer training'
<b>MOL:</b>	'The UK leader in the flexible provision of professional qualifications'

## OUR VALUES

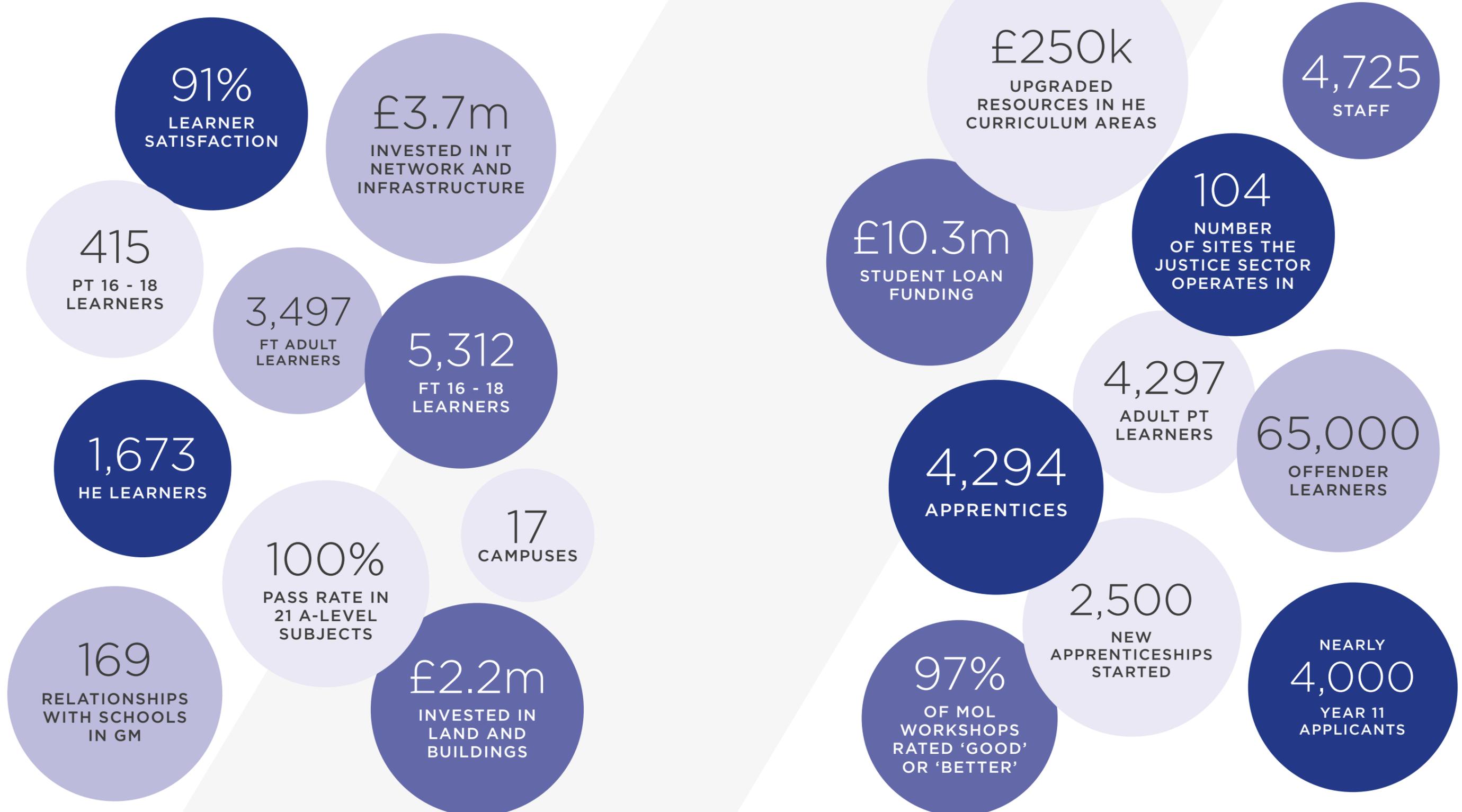
- INTEGRITY
- CAN DO
- ALWAYS IMPROVING
- SUSTAINABLE
- ONE TEAM

The Corporation was established under the Further and Higher Education Act 1992 for the purpose of conducting The Manchester College. The Corporation was incorporated as The Manchester College and is also known as 'TMC' or 'The College'. The Manchester College is an exempt charity for the purposes of the Charities Act 2011. The Manchester College was established under the terms of statutory instrument 2008 No 1418 and with effect from 1 August 2008.

# THE MANCHESTER COLLEGE

OUR GROUP IN NUMBERS...

OPERATING AND  
FINANCIAL REVIEW



# JUSTICE SECTOR

2014/15 heralded the dawn of a new era as we worked towards the launch of our new offender learning organisation in September 2015.

## A YEAR OF SIGNIFICANT ACHIEVEMENT

The numbers speak for what has been a year of significant achievement:

- **Awarded OLASS 4 London contract, expanding our delivery to an additional 13 prisons**
- **We worked with over 65,000 offenders**
- **HMIP/Ofsted rated our provision 'outstanding' at two establishments**
- **Overall, Ofsted rated 83% of our provision 'good' or 'outstanding', compared to 33% for all provision in custody nationally**
- **We were awarded contracts for three young offender establishments**
- **There were 90% positive outcomes for our learners**
- **We exceeded our Key Performance Indicators (KPIs) in all regions**

By focusing on growth and the provision of high quality education and training, our justice sector business unit has thrived during 2014/15.

We have strengthened our position as the top performing provider of education, training and employability services to prisoners and offenders in the country. In February 2015 we were awarded the OLASS contract for London, which allowed us to expand our delivery of education, training and employability to an additional 13 prisons. With the new contract we also welcomed almost 600 new colleagues into the organisation, with our workforce approaching 3,000.

We continued to grow our service as we secured the education contracts for three Young Offender Institutions (YOI) in Cookham Wood, Werrington and Wetherby, delivering our services in three of the four Young Offender Institutions in England. As part of this contract we delivered 30 hours of education in the YOIs every week, falling in line with the Government's aim to significantly increase the amount of time young offenders spend learning.

Quality continued to be a key success for the business with two of our prisons, HMPYOI New Hall and HMPYOI Askham Grange, being graded outstanding by Ofsted.

Inspections throughout the year continued this trend of high quality with 83% of our provision being graded 'good' or 'outstanding', the complete reverse of the national figure of just 33% identified in the 2014/15 HMIP Annual Report.

This continued success bodes well for the future and with the launch of our new organisation in September 2015, we are looking forward to even greater opportunities to deliver our customer, learner and stakeholder needs.

## CHALLENGES FOR 2015/16

As a standalone organisation within The Manchester College Group we will become even more focused on the justice landscape providing us with a greater opportunity to respond to our customer and stakeholder needs.

We will need to prepare for the outcome of the MoJ Prison Education Review and re-procurement which could result in further prison contracts. We will continue and improve our 'business as usual' activity.

## KEY RISKS

The justice sector is at an exciting stage of development which sees opportunities materialising resulting in both growth and development of our well established services. Our key challenges are to launch our new organisation - Novus, to continue to prepare for the reviews and procurement surrounding OLASS 5 and to maintain the high standards of service that we deliver.

We are continuing to build our social enterprise within the justice market. Key risks include the potential outcomes of the Prison Education Review and the impact on our work with offenders within the adult custodial estate. The review of the Youth Justice System could also provide us challenges ahead.



# MOL

2014/15 was a busy and exciting year for MOL, with some very positive and encouraging progress made. A lot of time and effort has been invested in the first phases of implementing the Strategic Plan to meet MOL's challenging growth and expansion targets as it continues its vision to become the UK's leading provider of flexible professional qualifications.

As the year began one of the first and most critical operational phases of implementing the Strategic Plan was an organisational restructure. This would ensure MOL had the right platform on which to build for the future and support its existing and new curriculum areas. The restructure was an opportunity to make key appointments at all levels of the business, from a new sales team, to a new senior leadership team.

During the year we undertook a review and re-launch of our brand, which included the development of a new MOL website.

The new brand was launched at the CIPD's Annual Conference and Exhibition, showcased at a specially designed exhibition stand to celebrate MOL's 30th birthday.

MOL developed a Chartered Management Institute Certificate programme (Level 5) for one of the UK's largest frozen food retailers as part of the retailer's new branch manager graduate scheme. MOL also developed a new CIPD Advanced (Level 7) programme and are offering an MA too, providing a progressive mix of human resource management and learning and development modules.

Our relationship with the CIPD gives

us the freedom to develop bespoke programmes, building on our already strong relationship with the Accrediting Body.

One of the key strategies to grow the MOL business is to broaden the range of professional curricula offered and we are pleased to report significant progress this year. Following a review of the professional qualifications market and meetings with a number of potential awarding organisation partners, we chose accountancy and public relations as the first two new areas to move into. MOL built strong relationships with the AAT (Association of Accounting Technicians) and the CIPR (Chartered Institute of Public Relations) and gained centre and programme approvals. We then appointed curriculum lead managers to oversee the programme development in each of these areas. We're very excited about our fully online AAT (Level 2 and level 3) and CIPR (Level 3) programmes and, with much of the development work already in place, we are looking forward to launching these two new programme areas in autumn 2015.

Quality assurance has been an area of great success and we achieved Band 1 CIPD Accreditation for all programme levels.

MOL are in discussions with a higher education institute, who are interested in working with us to validate MOL's MA programmes and expand our range of professional HE offers.

## KEY RISKS

Although the UK has been out of recession for quite some time and the political landscape appears more settled than it has been for a number of years, the financial pressures faced by organisations and individuals continue to be felt. The focus of organisations on the impact and ROI of learning and development opportunities for their staff will continue to be a key risk, and opportunity, for MOL.

Increasing competition and the changing face of learning technologies and the learner demographic mean that we have to remain vigilant and responsive to market demands. We need to continue to work hard to develop meaningful and profitable long-term relationships with corporate organisations. We believe that MOL is ideally placed to respond to these challenges as our 30-year history is filled with original, innovative, and customised programmes for numerous national and multi-national organisations. This will continue to be a key facet of our longer-term strategy as we seek to rapidly grow the business.

## SOME KEY NUMBERS:

**30** The number of years MOL has been around.

**4,931** Learning aim enrolments in 2014/15\*

**97** The percentage of MOL workshops observed as good or better at recent IQR observations\*

\*Source: TMC GM Area Review data

# APPRENTICESHIPS

2014/15 was a pivotal year for the Apprenticeship unit which saw significant growth and positioned us in the top 5 largest training providers in the North West with 2,500 new apprentices starting their careers in a wide range of industries.

This growth was supported by the development of key partnerships. A five year contract was agreed with Manchester Life Development Company to deliver a new Higher Level Apprenticeship in Construction together with 15 of the UK's leading firms. This partnership led to further collaboration within the construction industry with M Futures.

We established a formal partnership with Sigma, a Business Improvement Provider, to develop customised Apprenticeship frameworks for the manufacturing industry. The development of this strategic partnership will create 2,700 manufacturing Apprenticeships over the next three years.

MOL Engineering was successfully integrated into the Apprenticeships team in 14/15. Highlights included the continued relationship with our largest customer, Western Power Distribution and potential business with Dragon Solutions and Balfour Beatty. Future expansion is planned and the team were fortunate to welcome new tutor Colin Marshall formally from BAE Systems Saudi Arabia.

The acquisition of Total People was the crowning moment for the Apprenticeship Unit. The acquisition was made as part of the Group's strategy to become a leading provider of regional and national work based training. It is an exciting opportunity for the Apprenticeship unit and Total People to combine our strengths and enhance our Apprenticeship offer in 2015/16.

As the academic year came to a close, we established a new senior leadership team to provide strategic direction, build on the growth achieved by the unit and support 2015/16 priorities.

“

*The acquisition of Total People was the crowning moment for the Apprenticeship Unit.*

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## KEY RISKS

The increasing policy focus on Apprenticeships and the changes to employer responsive funding with the launch of Trailblazers means the Apprenticeship Team will need to structure an innovative approach to employer responsive provision. We intend to reduce engagement with subcontractors and partners whilst continuing to maintain our position as a provider of high quality, flexible and timely Apprenticeship delivery.

Employer engagement was out sourced during 2014/15 and this was recognised as a high risk strategy to enable effective relationships with employers, and hence this has now been brought in house and managed through a more holistic approach to employer and learner engagement, bringing a more qualitative attitude. This will drive the focus to increase repeat business and build a stronger account management going forward. We will continue to develop mutually beneficial partnerships with businesses within Greater Manchester and throughout the UK.

We will continue to build on our quality and success rates by focussing on effective delivery models which meet the needs of both the learner and the employer and we will provide high quality information and guidance (IAG) to ensure learners are on the appropriate programmes and remain well supported throughout the learner journey.



# TOTAL PEOPLE

In 2014/15, we acquired Total People, an Apprenticeship training provider based in Cheshire.

We made the acquisition as part of our strategy to invest and grow in work-based learning, to become a leading provider of regional and national employer training. This move prepares the Group to support the Government's investment in skills and quality Apprenticeships. It will also better help us to support the needs of the region as devolved Government plans gather pace.

Total People, which was graded 'good' by Ofsted in its own right, increases our expertise and capability in work-based learning, and adds high quality and higher level Apprenticeships. The acquisition allows us to strengthen our provision for businesses and

young people across Greater Manchester, the north west and nationally. Total People will be run separately from our existing Apprenticeship Unit and continue to serve and support its own customers and learners under the Total People brand.

This important acquisition is one part of our wider Apprenticeship and employer training strategy to invest in skills and impact on productivity, working with SMEs and corporate businesses.

“  
*Total People, which was graded 'good' by Ofsted in its own right, increases our expertise and capability in work-based learning, and adds high quality and higher level Apprenticeships.*  
”

# HIGHER EDUCATION

In 2014/15 The Manchester College formed a strategic alliance with Manchester Metropolitan University (MMU) to facilitate wider participation in higher education. University-level courses with flexible study options are being developed which will be delivered by The Manchester College and validated by MMU. Plans are also being developed to offer higher level Apprenticeships and Apprenticeship degrees. By offering innovative study solutions, the partnership will provide a joined up response to closing Greater Manchester's skills gaps.

We invested £250,000 in upgraded and enhanced resources across a range of HE curriculum areas. This included providing laptops for students to borrow, giving them access to IT equipment outside college hours. Other IT facilities were upgraded across digital media, visual arts, tourism, event management, Arden School of Theatre, computing and business curriculum areas.

We also expanded our central HE Development and Enhancement Team. The team supports curriculum growth, students' experience of college life, quality assurance and strategic partnerships. In addition, we have recently invested over £600,000 in redeveloping the 'Tower' building at our Openshaw

Campus with computer labs for the HE computing curriculum and a dedicated library for HE students.

Due to exceptional demand for media make-up provision, we relocated this curriculum area to our Fielden Campus, where we redeveloped two floors of the building to provide specialist make-up, special effects and prosthetics workspaces. There is a casting and moulding space, academic teaching area, computer suite and two photography studios for developing industry-standard portfolios and multimedia showreels.

We continued to update our HE curriculum to ensure we provide programmes that meet local and national employer needs, are innovative and up to date, and allow graduates to make an immediate contribution in the workplace. We reviewed all of our first year foundation degree provision in 2014/15, in time for enrolment in September 2015.

The Leavers Destination Survey for HE shows, for the third year running, that over 90% of our HE college leavers are in employment or further study six months after graduation. This is encouraging evidence that our strong focus on employability continues to be effective.

“

*The Leavers Destination Survey for HE shows, for the third year running, that over 90% of our HE college leavers are in employment or further study six months after graduation.*

”

## KEY RISKS

The Manchester College, in consolidating its higher education provision on fewer campus, is committed to differentiating between the further and the higher education student experience, maximising the benefits to students through improved facilities but also continued enhancements to learning and teaching and seeing this reflecting well in student feedback in 2015/16.

The Government's policy developments for higher education, including the imminent Green Paper, are likely to see consultation on the boundaries between further and higher education and a possible deregulation of the higher education award system. The Manchester College will continue to review its offer and position in order to maximise the potential opportunities that such policy developments might have for the higher education in further education sector.



# FURTHER EDUCATION - YOUTH & ADULT

The Manchester College's business planning process introduced in 2013/14 resulted in significant reshaping of 14-19 and adult provision for delivery in 2014/15. 190 programmes were developed or refreshed to support economic growth in the city.

There were a number of team restructures as a result of changes to the curriculum offer and delivery mechanisms, and a refocusing towards students' experience of college life. A central GCSE Maths and English Team was formed to drive maths and English achievement.

We established more effective Student Experience and Supported Learning Teams and placed greater focus on learner feedback. This feedback helped us plan our first student awards celebration, and informed new developments like our Centre of Excellence for Medical Sciences and our campus restructure plan.

## KEY ACHIEVEMENTS:

- Retention at 93%
- Significant improvement in GCSE maths, with A\*-C achievement rising by 8.6% to 42.2%
- Development of the School Liaison Team including the appointment of nine fully qualified careers advisors. The team expanded their reach to a greater number of schools and delivered over 600 events, as compared to 269 in 2013/14
- Almost 4000 applications from Year 11 pupils to The Manchester College, an increase of 18% year on year
- Strong partnership with Greater Manchester Fire and Rescue Service to deliver Prince's Trust programmes to over 150 16-18 learners and 100 19-24 learners
- 16-18 Level 3 enrolment rose by 16% on the previous year
- 19+ Level 3 enrolment rose by 6% on the previous year



- Reshaping of English and maths provision with the introduction of 10 Heads of Department for Essential Skills leading on quality improvement strategies and embedding skills across the curriculum
- 46% more learners studying English and maths as a direct result of applying the Conditions of Funding rule
- Four new pathways for 16-18 ESOL learners to enable faster and smoother integration into curriculum studies

## SUCCESS IN COMPETITIONS:

- World Skills Regional Heat Winners for Advanced Nail Art
- Outstanding College in the North West AAT competitions
- Winners of the national Professional Beauty College Cup
- After considerable international competition chosen to host Chaine des Rottisseurs competition

## KEY RISKS

As with all colleges (and more than most given The Manchester College's size, location and mission), the external challenges to be overcome include recent and future cuts to the adult skills budget and future reductions to 16-18 funding. Realignment of our staff skills to ensure we can deliver high quality education linked to job outcomes will continue to be a priority.

The Manchester College is one of 21 Sixth Form and Further Education colleges that is part of the Greater Manchester area review, which is assessing the educational needs and college structure in the area. The aim of the review is to ensure that there is the right capacity to meet the needs of students and employers in the area and that institutions are financially stable and able to deliver high quality provision. The Manchester College is fully engaging in the process and is committed to exploring all options which will support The Manchester College's mission of providing a high quality of education within the community.

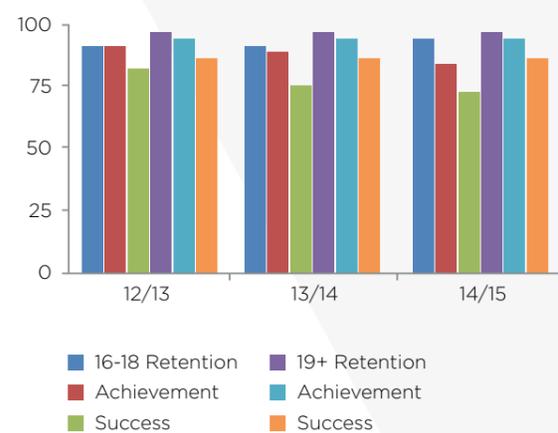
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*Almost 4000 applications from Year 11 pupils to The Manchester College, an increase of 18% year on year.*  
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# SUCCESS & OUTCOMES

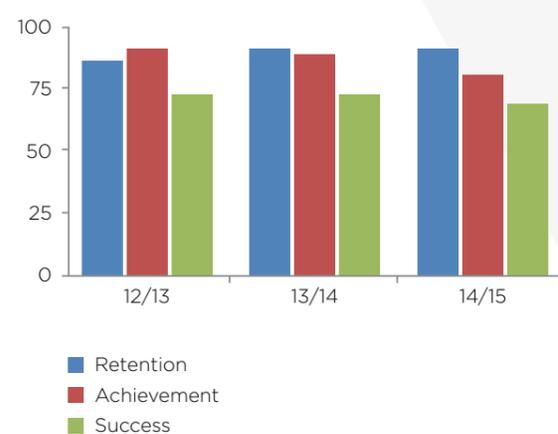
We continued to improve our success rates and focused on achieving the very best outcome for all our learners throughout Greater Manchester..

- Retention improved for 16-18 year old students in further education (FE), and remained at a high level for adult FE learners.
- There was some decline in achievement and success rates for 16-18 year olds in FE due to the sector-wide challenge of managing the much higher volume of learners now required to complete an English and mathematics qualification if they have not already achieved a C grade in GCSE.
- Achievement and success rates for adult learners in FE remained high.
- In higher education (HE), retention improved further but achievement declined.

Qualification success rates FE (%)



Qualification success rates HE (%)



# COMMUNITY ENGAGEMENT

In 2014/15 we continued to work with a range of community partners to engage and progress members of our local communities.

**“** *We have been working on enhancing our contacts with public and private industry partners.* **”**

One of these partners was RECLAIM, a mentoring and leadership charity for young people in Greater Manchester. RECLAIM has won local and regional awards for their work and were recently finalists in the Manchester Women's Awards. We are delighted to be linked with them.

We also worked with local Police Community Support Officers (PCSO), who delivered a number of tutorials on staying safe to our health and social care and Prince's Trust students.

The Million Maker Project was an opportunity for our students to gain valuable experience in putting together a business plan. The project was supported by business mentors, curriculum staff and the Volunteer Centre Manchester, amongst others.

We have been working on enhancing our contacts with public and private industry partners. These local contacts have offered us invaluable support and enabled us to offer employment opportunities and work experience. Some of the companies approached in 2014/15 included KPMG, Unity Radio, Subway, University of Manchester and Kreate. In 2014/15 we continued with

the exciting Silver Surfers community IT project at the Mary and Joseph House residence for men experiencing problems like alcohol dependency and mental health difficulties. Students from The Manchester College did a consultation with the residents about their IT needs. Once this information was gathered the students put together a programme to help the residents develop their IT skills. The students led a number of sessions of approximately 45 minutes.

We continued our rewarding partnership with Wythenshawe Community Housing Group and Real Food Wythenshawe at the Geodome 'living classroom', situated on our Wythenshawe Campus. We are looking at ways to expand on the great work already achieved through this partnership and offer regular volunteering slots for students in the Geodome.

We have been strengthening links with Crucial Crew, a public safety campaign aimed at primary school children in the local area.

We hosted a SciTech Summer School at our Northenden Campus for 150 5-12 year olds.

# STUDENT ENGAGEMENT

“The School Liaison Team have developed professional and robust relationships with 169 schools and sixth forms across Greater Manchester with a focus on 55 key feeder schools”

The Manchester College held our first Student Excellence Awards in 2014/15 at the Renaissance Hotel in Manchester. Over 300 students from all age groups, campuses and curriculum areas were nominated by staff or peers in 17 categories. The final award and highlight of the evening was for The Manchester College Student of the Year. The glittering evening was enjoyed by 250 students, family, friends and staff.

Throughout 2014/15 we have continued to improve and embed our 'For the Experience' Brand. The Student Experience Team, alongside the newly formed Learner Support Transition Team, engage with and take part in external and internal events attracting new students and assisting with the transition from school to college.

The School Liaison Team have developed professional and robust relationships with 169 schools and sixth forms across Greater Manchester with a focus on 55 key feeder schools. The team have liaised with head teachers, careers advisors, pupils and parents/carers to ensure positive destinations for all year 11 and year 12 pupils.

We are continuously improving the experience of applying to The Manchester College. We are already recognised as a provider on the expanding UCAS Progress application portal for schools and pupils across Greater Manchester. The Manchester College's priorities are to further enhance how we communicate with future students through 'keep warm' activities, first experiences, product offers, 'lean' enrolment and application transformation.

In 2015 there were 3380 prospective and current students who accessed our Experience Card, a college loyalty card that allows cardholders to get discounts and rewards at stores and entertainment venues across Manchester. Students who enrol at The Manchester College can use their student ID cards to access Experience Card offers.



# EMPLOYEE ENGAGEMENT

The Manchester College continues to invest in the professional and personal development of colleagues at all levels.

In 2014/15 there were over 798 individual requests for learning and development support, and over 26,973 e-learning courses were completed. Our e-learning courses provide all mandatory training, including health and safety, safeguarding and equality and diversity.

In 2014/15 we sponsored 41 colleagues to complete their Certificate in Education or PGCE and 23 to complete the Level 3 Award in Education. In addition, 22 tutor assessors and managers have achieved a quality assurance qualification.

We support colleagues to achieve higher qualifications that will add value to their professional practice and, most importantly, to the quality of our curriculum. The qualifications are recommended by the numerous awarding bodies we work with. In 2014/15 we supported 10 colleagues to complete degrees (9 x BA Education and Professional Development and 1 x

BSc Librarianship), 3 master's (1 x Inclusion and Special Needs and 2 x Education and Leadership) and 3 colleagues have started PhDs in performing arts. We also supported four colleagues to achieve Level 7 CIPD qualifications and three to complete accountancy qualifications.

We continued to support colleagues' attendance at leading national and regional conferences to fulfil their professional development. These events were delivered by awarding bodies such as Edexcel, BTEC and AQA, and professional, regulatory and advisory bodies such as Association of Colleges, Royal National Institute of Blind People, Inside Government, and LSECT. Colleagues also attended events run by industry experts to improve specific skills, e.g. hairdressing and beauty masterclasses.

We also sponsored 16 colleagues to qualify in British Sign Language Level 1 and 2, and 2 colleagues to complete their Level 3 Communication Support Worker qualification.

57 managers involved in organisational change projects completed a one-day course in project and change management, designed in collaboration with an external partner and aligned to our Change Management Strategy. In addition 23 colleagues completed a Prince 2 Foundation and Practice Certificate, aimed at developing a cohesive and professional approach to managing changes and projects.

55 of our senior managers completed an inspiring leadership programme; 'Leading the Way'. This was an opportunity for the managers to take part in formal 360 degree feedback. A number of our senior managers were also able to book individual leadership training with an executive coach. As always, all line managers were able to take part in relevant management training offered by our HR team.

We conducted our second employee engagement survey in 2014/15, achieving a completion rate of 66% (12% increase on the previous year) and an overall satisfaction rate of 3.55 out of 5. As a result of feedback received, we have made further improvements to the ways we communicate with, engage and recognise colleagues.

The Manchester College continues to hold the Investors in People Silver Award.

## NUMBER OF STAFF:

Main College	1,998
Justice Sector	2,727
<b>TOTAL</b>	<b>4,725</b>

## FULL-TIME / PART-TIME SPLIT IN SEGMENT:

Main College	22.1% PT	77.9% FT
Justice Sector	41.6% PT	58.4% FT



# SERVICE OVERVIEW 2014/15

We continued to provide a responsive and quality property service, helping to create an environment that enhances the learner's experience.

## THE MANCHESTER COLLEGE GROUP - ESTATE PROFILE

### SCALE

The estate comprises 17 campuses: 47 buildings totalling 103,177 M<sup>2</sup> (1,110,600 sq. ft.).

catering and performing arts), social space and refectories, learner support and 'back room' support services.

### RANGE OF ACCOMMODATION

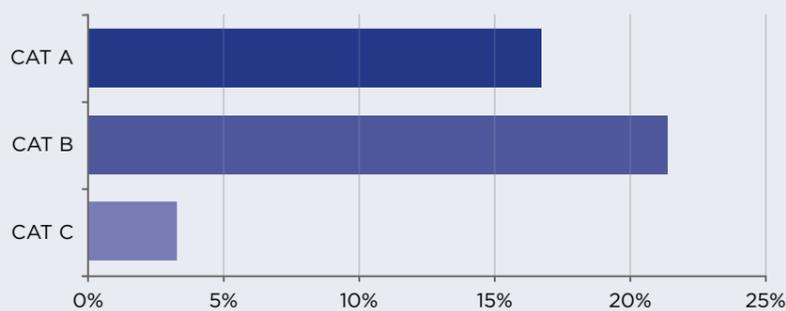
Accommodation provides a wide range of learner facilities including general classroom space (including specialist IT labs), specialist curriculum areas (including motor vehicle, hair and beauty, construction,

### MAINTAINING A HEALTHY AND SAFE ENVIRONMENT

Resources have been applied to ensure the physical environment is fit-for-purpose and enhances the learner's experience. Below is a table that shows the grading of the estate.

## THE MANCHESTER COLLEGE BUILDING CONDITION CATEGORIES.

Based on HEFCE benchmark.



**CAT A** (As new condition)  
**CAT B** (Operationally safe & exhibiting only minor deterioration)  
**CAT C** (Operational, but major repair or replacement needed in short/mid term)

### NEW BUILD /MAJOR REFURBISHMENT

**CAT A** in last 5 years  
**CAT B** in last 5 - 10 years  
**CAT C** in last 10+ years

## ESTATE PLANNING

Developing The Manchester College Group Accommodation Strategy.

This year has seen further investment in estate planning and capital investment.

Implementing accommodation planning criteria including the following:

- application of space standards
- future proofing capital building works
- delivering a £1m summer works programme in line with our business planning process
- supporting the Group's business units to deliver growth targets

## CAPITAL PROJECTS

Centre of Excellence for Medical Sciences opened at Citylabs (former Royal Eye Hospital) Oxford Road, Manchester - teaching space for health curriculum. Project value £0.5m

Refurbishment of One Central Park campus - accommodation for the Group's business units.

# INFORMATION TECHNOLOGY

The IT department is on a transformative journey and the past year has seen significant investment in technology for learners and staff.

Developments over the past year have included:

- 146 interactive screens installed to create modern, creative learning environments
- 600 additional mobile devices deployed to staff and students to enable more flexible learning and working practices
- 750 additional VDI (virtual desktop) workstations installed to enable more secure and efficient experience for staff and students
- Synchronising over 30,000 student accounts to the 'cloud' (online service) to enable us to provide the MyDay student portal. This portal is now the learners' single go-to for all their learning resource needs
- Re-architecting the Group-wide email system to support the Group's rebranding exercise

A number of projects are underway that will see our IT function take a

leap forward in terms of accessibility, innovation, availability and performance. These projects include:

- Replacing all network and wireless capability to the latest technology, not only enhancing accessibility but greatly increasing security. This will enable The Manchester College to participate in EduRoam (global roaming access service)
- Modernising all web front-end systems with Microsoft SharePoint Enterprise Edition introducing features such as workflow, collaboration, enhanced security, compliance-based document repository (users share documents and adhere to certain regulations), enterprise search (users can search a number of databases and intranets) and embedded editing capabilities
- Refresh of all data centre, computing, network and storage capability to greatly enhance availability, performance and

security, providing a platform for the Group to drive innovation well into the future as well as being hugely expandable to deal with the demands of a changing landscape within the FE sector

- Skype for Business unified communications rolled out across the MOL and Apprenticeships estate in our One Central Park Campus, as a pilot for a wider roll-out across the Group. This technology allows for full voice and video conferencing as well as instant messaging, webinars and voicemail to email, amongst other advanced features.

# FINANCIAL HIGHLIGHTS

The Group remains financially strong with net assets before pension liability of over £100m and in year income of nearly £170m (annualised run rate of £190m).

The Group achieved a good underlying result with the cash equivalent operating surplus (ebitda) of £5.2m after significant investment in reshaping our delivery (£3.8m).

We dealt with challenging in year issues early, such as funding cuts and increasing pension costs, and managed them proactively with provisions in our 2014/15 statements which account for the £0.5m variance to planned out turn.

- The Manchester College achieved a financial health score of 'Good' as measured by the Skills Funding Agency
- The Manchester College continued its investment strategy in accommodation and IT/equipment to the net value of £4.7m
- This investment resulted in an improved learning environment for our students

## FINANCIAL OBJECTIVES

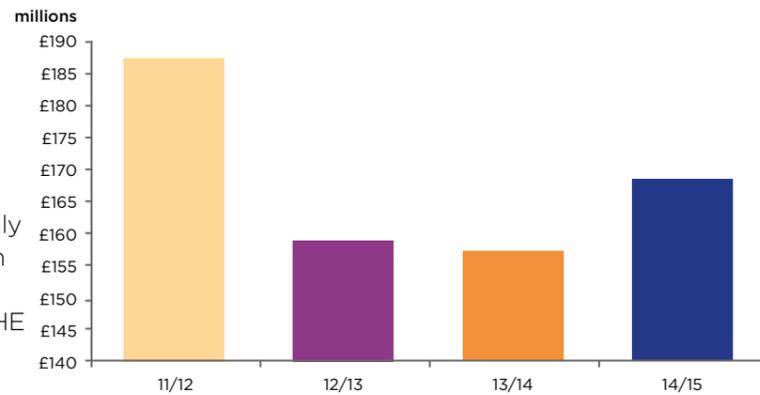
- To achieve an annual operating surplus
- To pursue alternative sources of funding, on a selective basis, consistent with The Manchester College's core competencies, and the need for a financial contribution to The Manchester College's overall finances
- To generate sufficient levels of income to support the asset base of The Manchester College
- To further improve The Manchester College's shorter term liquidity
- To fund continued capital investment
- To obtain a Skills Funding Agency financial rating of 'good' or better

# FINANCIAL HIGHLIGHTS

## TOTAL INCOME (£000's)

11/12	187,451	13/14	157,712
12/13	158,713	14/15	168,047

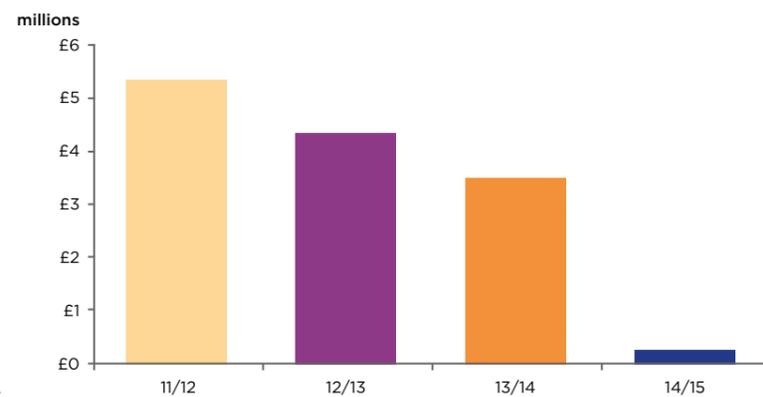
Income increased by £10.3m (6.6%) in 2014/15 compared to 2013/14 due mainly to increases in the Justice Sector £7.4m relating to the award of the London contract and increase in YOI contract, HE tuition £1.6m and ESF £1.2m.



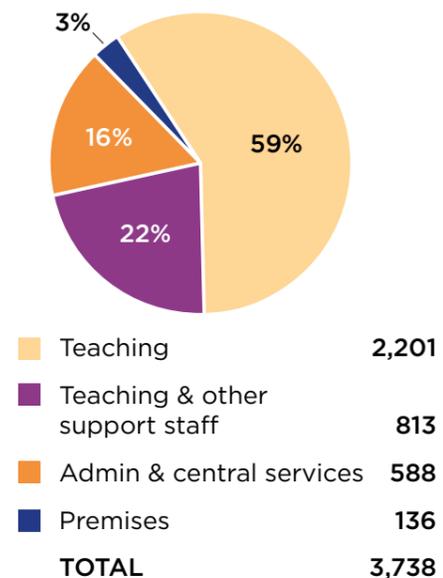
## SURPLUS (£000's)

11/12	5,352	13/14	3,514
12/13	4,365	14/15	163

The drop in surplus in 2014/15 compared to 2013/14 is due to an overall increase in expenditure of £13.8m (London/YOI contract) compared to an increase in income of £10.3m as stated above. Main areas were OHCS £3.3m, Teaching £4.8m, Admin £2.5m, and restructuring £1.5m.



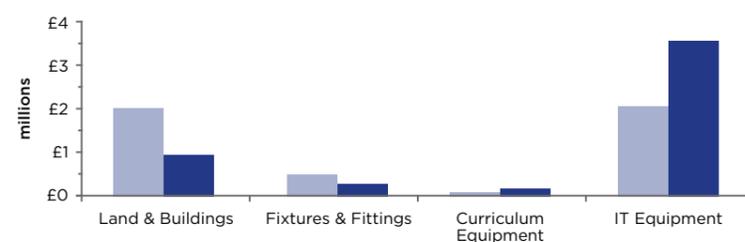
## STAFF PROFILES (FTEs)



## CAPITAL EXPENDITURE

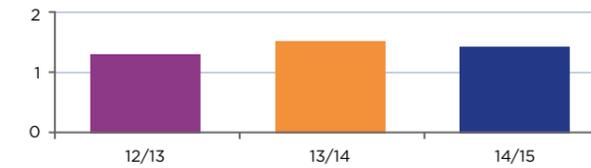
	13/14	14/15
Land & Buildings	2,011,000	913,000
Fixtures & Fittings	475,000	267,000
Curriculum Equipment	75,000	160,000
IT Equipment	2,058,000	3,663,000
<b>TOTAL</b>	<b>4,619,000</b>	<b>5,003,000</b>

The Manchester College continued its investment in estates, spending £5m during 2014/15. IT spend was for the London Justice Sector IT refresh of £1.5m and cross-college IT equipment of £2.1m.



# FINANCIAL HEALTH INDICATORS

## ADJUSTED CURRENT RATIO

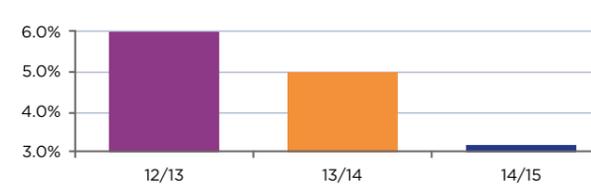


KPI	Ratio
12/13	1.36
13/14	1.55
14/15	1.41

The current ratio is a liquidity ratio that measures The Manchester College's ability to pay short-term obligations. This is a proportion of Current assets to Current liabilities.

The ratio in 2014/15 is lower than 2013/14 because of an increase in liabilities of 8% fixed asset creditors relating to the London Justice Sector IT refresh £1.5m.

## PERFORMANCE RATIO

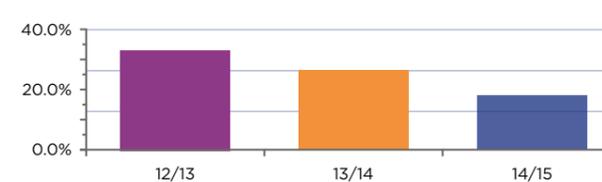


KPI	Ratio
12/13	5.96%
13/14	5.02%
14/15	3.11%

The Performance ratio is a measure of profitability in relation to turnover. This is operating profit plus depreciation less the associated capital grants releases, plus FRS17 less pension finance income.

Profitability in 2014/15 decreased compared to 2013/14 due to the increase in expenditure of 9% compared to the increase in income of 7%.

## GEARING RATIO



KPI	Ratio
12/13	33.9%
13/14	30.6%
14/15	27.9%

The Gearing ratio measures The Manchester College's dependence on borrowed money for funding its activities. This is net debt divided by the sum of net debt and net assets (excluding pension liability).

Gearing has declined in 2014/15 compared to 2013/14 due to capital repayments of £2m.

FE BENCHMARK	GOOD GRADE	SATISFACTORY GRADE
Current ratio	1.2 - 1.4	0.8 - 1.0
Performance ratio	5% - 6%	3% - 4%
Gearing ratio	20% - 39%	40% - 59%

The Manchester College achieved a financial health grade of 'Good' in 2014/15 as per the Skills Funding Agency approach.

**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 2014 to 31 July 2015, The Manchester College paid 96.4 per cent of its invoices within 30 days. The Manchester College incurred no interest charges in respect of late payment for this period.

# STATUTORY STATEMENTS

## EQUAL OPPORTUNITIES STATEMENT

The Manchester College is committed to ensuring equality of opportunity for all who learn and work here. We respect and value positively differences in race, gender, sexual orientation, disability, religion or belief and age. We strive vigorously to remove conditions which place people at a disadvantage and we will actively combat bigotry. This policy is resourced, implemented and monitored on a planned basis. The Manchester College's Equal Opportunities Policy is published on The Manchester College's Intranet site.

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

The Manchester College is a 'Positive about Disabled' employer and has committed to the principles and objectives of the Positive about Disabled standard. The Manchester College considers all employment applications from disabled persons, bearing in mind the aptitudes of the individuals concerned, and guarantees an interview to any disabled applicant who meets the essential criteria for the post. Where an existing employee becomes disabled, every effort is made to ensure that employment with The Manchester College continues. The Manchester College's policy is to provide training, career development and opportunities for promotion which, as far as possible, provide identical opportunities to those of non disabled employees.

The Manchester College has committed to the 'Mindful Employer' initiative to assist the mental health wellbeing of staff. The Manchester College has achieved accreditation to the Committed to Equality (C2E) standard at the gold (highest) level. The Manchester College has also implemented an updated Equality & Diversity training programme which all staff have attended. Refresher training and training for new starters is carried out on an on-going basis.

## DISABILITY STATEMENT

The Manchester College seeks to achieve the objectives set down in the Disability Discrimination Act 1995 as amended by the Special Education Needs and Disability Acts 2001 and 2005.

**a)** The Manchester College has appointed an Access Co-ordinator, who provides information, advice and arranges support where necessary for students with disabilities.

**b)** There is a list of specialist equipment, such as radio aids, which The Manchester College can make available for use by students as well as a range of assistive technology available in learning environments.

**c)** The admissions policy for all students is described in The Manchester College Handbook. Appeals against a decision not to offer a place are dealt with under the complaints policy.

**d)** The Manchester College has made a significant investment in the availability of specialist staff to support students with learning difficulties and/or disabilities. There

are a number of student support assistants who provide a variety of support for learning. There is a continuing programme of staff development to ensure the provision of a high level of appropriate support for students who have learning difficulties and/or disabilities.

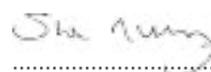
**e)** Specialist programmes are described in College prospectuses, and achievements and destinations are recorded and published in the standard College format.

**f)** Information Advice and Welfare Services are described in The Manchester College Handbook, which is issued to students together with the Complaints and Disciplinary Procedures leaflet.

## 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 Manchester 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 Manchester College's auditors are aware of that information.

Approved by order of the members of the Corporation on 8th December 2015 and signed on its behalf.



..... Signature

**Councillor Sue Murphy**  
Chair of the Board,  
The Manchester College

## PROFESSIONAL ADVISERS:

### Financial statement and regularity auditors:

Grant Thornton UK LLP  
4 Hardman Square  
Spinningfields  
Manchester  
M3 3EB

### Bankers:

National Westminster Bank  
Manchester City Centre Branch  
11 Spring Gardens  
Manchester  
M2 1FB

### Internal auditors:

RSM Risk Assurance Services LLP  
9th Floor  
3 Hardman Street  
Manchester  
M3 3HF

### Solicitors:

Mills & Reeve LLP  
1 New York Street  
Manchester  
M1 4AD  
  
DWF LLP  
1 Scott Place  
2 Hardman Street  
Manchester  
M3 3HH

# THE MANCHESTER COLLEGE

## STATEMENT OF CORPORATE GOVERNANCE AND INTERNAL CONTROL

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

The Manchester College endeavours to conduct its business:

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

The Manchester College is committed to exhibiting best practice in all aspects of Corporate Governance and in particular The Manchester College/Board has adopted and complied with the Foundation Code together with its Audit and Accountability Annex. 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 Board of Governors, The Manchester College has complied with all the provisions of the Foundation Code, and it has complied throughout the year ended 31 July 2015. The Board of Governors 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 English Colleges' Foundation Code of Governance issued by the Association of Colleges in December 2011, which it formally adopted in April 2012.

### PUBLIC BENEFIT

The Manchester College is an exempt charity under the Part 3 of the Charities Act 2011 and from 1st September 2013, is regulated by the Secretary of State for Business, Innovation and Skills as Principal Regulator for all FE Corporations in England. The members of the Governing Body, who are trustees of the charity, are disclosed on page 45.

**(CONTINUED)**

In setting and reviewing The Manchester College's strategic objectives, the Governing Body has had due regard for the Charity Commission's guidance on public benefit and particularly upon its supplementary guidance on the advancement of education. The guidance sets out the requirement that all organisations wishing to be recognised as charities must demonstrate, explicitly, that their aims are for the public benefit.

In delivering its mission, The Manchester College provides the following identifiable public benefits through the advancement of education:

- High-quality teaching
- Widening participation and tackling social exclusion
- Excellent employment record for students
- Strong student support systems
- Links with employers, industry and commerce

**THE BOARD OF GOVERNORS**

The composition of the Board of Governors is set out on page 43. It is the Board of Governors' responsibility to bring independent judgment to bear on issues of strategy, performance, resources and standards of conduct.

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

The Board of Governors conducts its business through a number of committees. Each committee has terms of reference, which have been approved by the Board of Governors. These committees are Finance and General Purposes, HR, Governance and Search, Audit, and Quality.

Full minutes of all meetings, except those deemed to be confidential by the Board of Governors, are available on The Manchester College's website [www.themanchestercollege.ac.uk](http://www.themanchestercollege.ac.uk) or from the Company Secretariat at:

**The Manchester College**  
Whitworth House  
Ashton Old Road  
Openshaw  
Manchester  
M11 2WH

The Company Secretary 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 Manchester College's expense and have access to the Company Secretary, who is responsible to the Board for ensuring that all applicable procedures and regulations are complied with. The appointment, evaluation and removal of the Company Secretary are matters for the Board of Governors as a whole.

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

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

There is a clear division of responsibility in that the roles of the Chair of the Board of Governors and Chief Executive Officer of The Manchester College are separate.

**MEMBERS**

Those serving on The Manchester College Board during 2014/15 and up to the date of signature of this report are set out below:

Name	Date of appointment	Term of office	End of term of office	Status of appointment	Committees served	Corporation meeting attendance
Ms J Burden	9.12.14	4 years		Ext. Member		4/6
Mr D Cain	15.02.11	4 Years		Ext. Member	Governance & Search, Audit, HR, Remuneration	8/8
Mr J Carney	N/A		Jan 2015	Principal	Finance & Gen. Purposes, Quality, HE, Governance & Search, HR	3/3
Ms C Carroll	18.01.13	4 years		Staff Member	Quality, HE	7/8
Mr K Clark	03.06.14	2 Years		Staff Member	Quality, HE	7/8
Mr N F Collins	10.09.12	4 Years		Ext. Member	Audit	8/8
Mr P Fell	26.01.10	4 Years	July 2015	Ext. Member	HR, Governance & Search, Finance & General Purposes	8/8

(CONTINUED)

Name	Date of appointment	Term of office	End of term of office	Status of appointment	Committees served	Corporation meeting attendance
Mr J Hacking	10.09.12	4 Years		External Member	Quality, HE, Finance & General Purposes	4/8
Ms F S King	14.12.10	4 years	Feb 2015	External Member	HR	3/3
Mr P Lanigan	03.06.14	4 Years		External Member	Finance & General Purposes	7/8
Mr B J Lynch	14.12.10	4 Years		External Member	HR	7/8
Ms K Macdonald	19.03.10	4 Years		External Member	Quality, HE, Finance & General Purposes	8/8
Mr A Mills	27.09.11	4 Years		External Member	Finance & General Purposes, HR	5/8
Mr K Moghal	15.02.12	4 Years	July 2015	External Member	Audit, Quality, HE	5/8
Cllr S Murphy	15.02.12	4 Years		External Member	Finance & Gen. Purposes, Quality, HE, Governance & Search, Remuneration	8/8
Mrs L O'Loughlin	N/A			Principal	Finance & Gen. Purposes, Quality, HE, Governance & Search, HR	7/8
Mr P Raphael	10.02.2015	2 years		Student Member	Quality	5/5
Mr A Simpkin	26.01.10	4 Years		External Member	Audit, Quality, HE, Remuneration	5/8
Mr J Thornhill	N/A			C.E.O	Finance & Gen. Purposes, Quality, HE, Governance & Search, Remuneration	8/8
Mrs P Waterhouse	12.12.13	4 Years		External Member	Quality, HE	7/8
Mr S Wilson	29.10.13	2 Years	July 2015	Student Member	HE	1/8

Jennifer Foote serves as the Company Secretary to the Board of Governors.

#### APPOINTMENT TO THE BOARD OF GOVERNORS

Any new appointments to the Board of Governors are a matter for the consideration of the Board of Governors as a whole. The Board of Governors has a Search & Governance Committee comprising of Mr. D Cain, Mr P Fell, Cllr S Murphy and Mr J Thornhill, and in attendance the Company Secretary, which is responsible for the selection and nomination of any new member for the Board of Governors consideration. The Committee is also responsible for Governance matters. The Board of Governors is responsible for ensuring that appropriate training is provided as required.

Members of the Board of Governors are appointed for terms of office not exceeding four years.

#### REMUNERATION COMMITTEE

Throughout the year ended 31 July 2015, The Manchester College's Remuneration Committee comprised Mr D Cain, Cllr S Murphy and Mr A Simpkin, and in attendance was the Company Secretary. The Committee's responsibilities are to make recommendations to the Board of Governors on the remuneration and benefits of the CEO and other senior post holders.

Details of remuneration for the year ended 31 July 2015 are set out in notes 6 and 7 to the financial statements.

The Committee met on 3 occasions during 2014-15.

#### AUDIT COMMITTEE

The Audit Committee comprises of Mr N F Collins, Mr D Cain, Mr K Moghal and Mr A Simpkin. In attendance were the Company Secretary; representatives of The Manchester College's financial statements and regularity auditors Grant Thornton UK LLP; The Manchester College's internal auditors RSM and College Officers, including the Group Head of Finance and the Chief Financial Officer and Group Finance Director.

The Committee operates in accordance with written terms of reference approved by the Board of Governors. Its purpose is to advise the Board of Governors on the adequacy and effectiveness of The Manchester College's system of internal control and its arrangements for risk management, control and governance processes.

The Audit Committee meets on a termly basis and provides a forum for The

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

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

The Audit Committee advises the Board of Governors on the appointment of both the internal and the regularity and financial statements auditors and on their remuneration for audit and non-audit work. The Audit Committee reports annually to the Board of Governors.

The Committee met on 4 occasions in 2014-15.

**FINANCE AND GENERAL PURPOSES COMMITTEE**

Throughout the year ended 31 July 2015 membership of the Finance and General Purposes Committee was made up of Cllr S Murphy, Mr J Hacking, Ms K Macdonald, Mr A Mills, Mr J Thornhill, Mr J Carney, Mrs L O'Loughlin, Mr P Lanigan and Mr P Fell, and in attendance was the Company Secretary.

The Committee's responsibilities included the monitoring of the annual estimates of income and expenditure, capital expenditure requirements including loans and major variations in expenditure.

Other duties included:-

- i. the scrutiny of the Financial Statements/Report of Members
- ii. to review The Manchester College's Financial Statements
- iii. the writing-off of bad debts
- iv. to review and report on the periodic management accounts of the College and joint ventures
- v. to review arrangements for securing value for money, solvency and safeguarding assets
- vi. to approve capital expenditure within the approved programme and to monitor major projects
- vii. to determine tuition and other fees

- viii. to determine The Manchester College's investment and borrowing
- ix. to consider any items relating to the accommodation strategy, estates, property and accommodation that may be referred to it by the Board of Governors
- x. to monitor on behalf of the Board of Governors the implementation of the Freedom of Information Act

The Committee met on 3 occasions during 2014/15.

**QUALITY COMMITTEE**

Throughout the year ending 31 July 2015 the membership of the Committee was made up of Mr J Hacking, Ms K Macdonald, Mr K Moghal, Cllr S Murphy, Ms C Carroll, Mr A Simpkin, Mr J Thornhill, Mr J Carney, Mrs L O'Loughlin, Mr P Raphael, Mrs P Waterhouse and in attendance was the Company Secretary.

The Committee met on 3 occasions in 2014/15 and its responsibilities included:-

- i. Monitoring The Manchester College's capacity to continually improve:
  - a) To scrutinise the performance of curriculum and service directorates through the process of wider review and comparison to national benchmarks and other externally recognised measures
  - b) To regularly review and approve arrangements for self-assessment, evaluation and action planning at all levels within the institution to ensure this is a fully inclusive and effective process
  - c) To receive information on College performance resulting from inspection and other external assessments
- ii. Monitoring The Manchester College's capacity to be responsive:
  - a) To be aware of developments and trends in education at a national and local level and to assist the full Board of Governors and Principalship in formulating policy regarding curriculum and quality matters
  - b) To receive and approve information on key targets relating to curriculum and quality with regard to The Manchester College's mission and three year strategic plan
  - c) To receive and scrutinise information on The Manchester College's response to equality, diversity, inclusion and excellence

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- iii. Monitoring the views and experiences of the learner:
  - a) To scrutinise and promote the quality of the learner experience and learner outcomes
  - b) To receive reports on learner feedback, establish effective communication arrangements with the student Council and have access to learners and facilities as appropriate
  - c) To have an overview of learners' personal development, employability, added value, progression and destinations

#### HE COMMITTEE

Throughout the year ending 31 July 2015 the membership of the Committee was made up of Mr J Hacking, Ms K Macdonald, Mr K Moghal, Cllr S Murphy, Ms C Carroll, Mr A Simpkin, Mr J Thornhill, Mr J Carney, Mrs L O'Loughlin, Mr S Wilson, Mrs P Waterhouse and in attendance was the Company Secretary.

The Committee met on 3 occasions in 2014/15 and its responsibilities included:-

- i. Monitoring The Manchester College's capacity to continually improve:
  - a) To scrutinise the performance of curriculum and service directorates for HE through the process of wider review and comparison to national benchmarks and other externally recognised measures
  - b) To regularly review and approve arrangements for self-assessment, evaluation and action planning at all levels within the HE division to ensure this is a fully inclusive and effective process
  - c) To receive information on The Manchester College's HE performance resulting from inspection and other external assessments
- ii. Monitoring The Manchester College's capacity to be responsive:
  - a) To be aware of developments and trends in HE at a national and local level and to assist the full Board of Governors and Principalship in formulating policy regarding curriculum and quality matters
  - b) To receive and approve information on key targets relating to HE curriculum and quality with regard to The Manchester College's mission and three year strategic plan
  - c) To receive and scrutinise information on The Manchester College's response to equality, diversity, inclusion and excellence

- iii. Monitoring the views and experiences of the HE learner:
  - a) To scrutinise and promote the quality of the HE learner experience and learner outcomes
  - b) To receive reports on HE learner feedback, establish effective communication arrangements with the student Council and have access to learners and facilities as appropriate
  - c) To have an overview of HE learners' personal development, employability, added value, progression and destinations

#### HR COMMITTEE

Throughout the year ended 31 July 2015 the membership of the Committee was made up of Mr D Cain, Mr P Fell, Ms F King, Mr B Lynch, Mr J Carney, Mrs L O'Loughlin, Mr A Mills, Mr J Thornhill and in attendance was the Company Secretary.

The Committee met on 3 occasions in 2014/15 and the Committee's responsibilities included:-

- i. To advise the Board of Governors on, such matters as the Board of Governors may from time to time remit them to relating to all aspects of the HR function
- ii. To undertake detailed consideration of all staffing and industrial relations agreements on behalf of the Board of Governors and advise members on these
- iii. To ensure that there are effective arrangements for industrial relations for all categories of staff across The Manchester College
- iv. To monitor the staffing establishment and staffing structures of the College on behalf of the Board of Governors
- v. To receive information on severances, retirements, health grounds and dismissals on behalf of the Board of Governors
- vi. To ensure that appropriate procedures relating to the appointment of staff are in place and carried out in accordance with the Articles of Government
- vii. Subject to compliance with the annual budget approved by the Corporation and excluding senior post holders, to consider the annual pay award for staff of The Manchester College
- viii. To consider, evaluate on behalf of the Board of Governors matters such as changes in employment law; Pensions, changes in pay and

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conditions of staff in order that The Manchester College can sustain good practices and not act outside legislative frameworks

## GOVERNANCE AND SEARCH COMMITTEE

Throughout the year ended 31 July 2015 the membership of the Committee was made up of Mr D Cain, Mr P Fell, Cllr S Murphy, Mr J Carney, Mrs L O'Loughlin and Mr J Thornhill and in attendance was the Company Secretary.

The Committee met on 3 occasions in 2014/15 and the Committee's responsibilities included:-

- i. To advise the Board of Governors on the constitution of the Board, Including:-
  - the total number of members of the Board
  - the number of members in each membership category
  - the blend of skills required on the Board
  - the procedure for the selection of new Governors
  - the criteria and procedure for removal of existing Governors
  - Governors' terms of office
  - the code of conduct for Governors
  - the register of Governors' interests
  - Governor training
  - Board and individual Governor performance evaluation
  - the effectiveness of the Board's decision making processes following review on an annual basis
  - the membership of committees of the Board
  - the appointment and appraisal of the Clerk to the Governors

In providing their advice, the Committee takes into account the parameters set by legislation and the guidance available on good governance from the funding bodies, the Association of Colleges and other bodies such as the Committee on Standards in Public Life.

- ii. Before the expiry of the term of office of existing Governors or upon a vacancy arising on the Board, to conduct the approved selection procedure and to recommend to the Board a person or choice of persons to fill the vacancy
- iii. To consider proactively and on an on-going basis the blend of skills required on the Board and to search actively for potential new Board members
- iv. In the event that it appears to the committee that there are grounds for removing a Governor, to conduct the appropriate procedure and make a recommendation to the Board

- v. To oversee arrangements for Governors' links with managers of the College for familiarisation with the work of The Manchester College

## INTERNAL CONTROL

### Scope of Responsibility

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

The Board of Governors has delegated the day-to-day responsibility to the Chief Executive Officer, as Accounting Officer, for maintaining a sound system of internal control that supports the achievement of The Manchester College's policies, aims and objectives, whilst safeguarding the public funds and assets for which he is personally responsible, in accordance with the responsibilities assigned to him in the Financial Memorandum/Financial Agreement between The Manchester College and the funding bodies. He is also responsible for reporting to the Board of Governors 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 ongoing process designed to identify and prioritise the risks to the achievement of college policies, aims and objectives, to evaluate the likelihood of those risks being realised and the impact should they be realised, and to manage them efficiently, effectively and economically. The system of internal control has been in place in The Manchester College for the year ended 31 July 2015 and up to the date of approval of the annual report and accounts.

### Capacity to Handle Risk

The Board of Governors has reviewed the key risks to which The Manchester College is exposed, together with the operating, financial and compliance controls that have been implemented to mitigate those risks. The Board of Governors is of the view that there is a formal ongoing process for identifying, evaluating and managing The Manchester College's significant risks that has been in place for the year ended 31 July 2015 and up to the date of approval of the annual report and accounts. This process is regularly reviewed by the Audit Committee and the Board of Governors.

(CONTINUED)

**The Risk and Control Framework**

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

- comprehensive budgeting systems with an annual budget, which is reviewed and agreed by the Board of Governors;
- regular reviews by the Board of Governors 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

A senior manager, acting as the Risk Manager, compiles The Manchester College's Risk Register, and oversees the development and delivery of an Action Plan to manage identified risks. The Risk Register and Action Plan are reviewed by the Risk Management Group which meets regularly and consists of the senior managers responsible for the identified areas of risk. The work of this group is reviewed by the Deputy Executive Officer/Chief Finance Officer and reported periodically to The Manchester College's Audit Committee and Governing Body.

The Manchester College has an internal audit service, which operates in accordance with the requirements of the EFA and SFA's Joint Audit Code of Practice. The work of the internal audit service is informed by the analysis of the risks to which The Manchester College is exposed, and annual internal audit plans are based on this analysis. The analysis of risks and the internal audit plans are endorsed by the Board of Governors on the recommendation of the Audit Committee. At a minimum annually, the Head of Internal Audit (HIA) provides the Board of Governors with a report on internal audit activity in The Manchester College. The report includes the HIA's independent opinion on the adequacy and effectiveness of The Manchester College's system of risk management, controls and governance processes.

**Review of Effectiveness**

As Accounting Officer, the CEO has responsibility for reviewing the effectiveness of the system of internal control. The CEO 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 Manchester College who

have responsibility for the development and maintenance of the internal control framework; and

- comments made by The Manchester College's financial statements auditors, the regularity auditors, the appointed funding auditors in their management letters and other reports

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

The senior management team receives reports setting out key performance and risk indicators and considers possible control issues brought to their attention by early warning mechanisms, which are embedded within the department and reinforced by risk awareness training.

The senior management team and the Audit Committee also receive regular reports from internal audit and other sources of assurance, which include recommendations for improvement. The Audit Committee's role in this area is confined to a high-level review of the arrangements for internal control. The Board of Governors agenda includes a regular item for consideration of risk and control and receives reports thereon from the senior management team and the Audit Committee. The emphasis is on obtaining the relevant degree of assurance and not merely reporting by exception.

Based on the advice of the Audit Committee and the CEO, the Corporation is of the opinion that The Manchester 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".

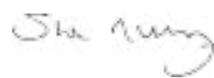
**GOING CONCERN**

The Manchester College's activities, its current financial position and factors likely to affect its future development are set out within the Operating and Financial Review. The Manchester College has in place a two year financial plan and has prepared detailed cash flow forecasts which have been sensitised to take account of a number of reasonably possible scenarios and show The Manchester College has adequate resources to continue in operational existence for the foreseeable future. For this reason it continues to be appropriate to adopt the going concern basis in preparing the financial statements.

(CONTINUED)

**APPROVAL**

Approved by order of the members of the Corporation on 8th December 2015 and signed on its behalf by:



Chair - Cllr S Murphy



Chief Executive Officer - John Thornhill

Date 8th December 2015

Date 8th December 2015

**GOVERNING BODY'S STATEMENT ON THE MANCHESTER COLLEGE'S  
REGULARITY, PROPRIETY AND COMPLIANCE WITH FUNDING BODY TERMS  
AND CONDITIONS OF FUNDING**

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

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

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

**STATEMENT OF RESPONSIBILITIES OF THE MEMBERS OF THE  
CORPORATION**

The members of the Corporation are required to present audited financial statements for each financial year. Within the terms and conditions of the Financial Memorandum between the Skills Funding Agency and the Corporation of The Manchester College, the Corporation, through its Chief Executive Officer, is required to prepare financial statements for each financial year in accordance with the 2007 Statement of Recommended Practice - Accounting for Further and Higher Education and with the Accounts Direction for 2014-15 financial statements issued jointly by the Skills Funding Agency and the EFA, and which give a true and fair view of the state of affairs of The Manchester College and the Group and the result for that year.

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

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

The Corporation is also required to prepare an Operating and Financial Review which describes what it is trying to do and how it is going about it, including the legal and administrative status of The Manchester College.

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

The maintenance and integrity of The Manchester College website is the responsibility of the Corporation of The Manchester College; the work carried out by the auditors does not involve consideration of these matters and, accordingly, the auditors accept no responsibility for any changes that may

(CONTINUED)

have occurred to the financial statements since they were initially presented on the website. Legislation in the United Kingdom governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

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

Approved by order of the members of the Corporation on 8th December 2015 and signed on its behalf by:

Chair:  Cllr S Murphy

Date: 8th December 2015

## INDEPENDENT AUDITOR'S REPORT TO THE CORPORATION OF THE MANCHESTER COLLEGE

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

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

### Respective Responsibilities of the Corporation and auditor

As explained more fully in the Statement of Responsibilities of the members of the Corporation set out on page 55 & 56, The Manchester College's Corporation is responsible for the preparation of financial statements which give a true and fair view. Our responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's Ethical Standards for Auditors.

### Scope of the audit of the financial statements

A description of the scope of an audit of financial statements is provided on the Financial Reporting Council's website at [www.frc.org.uk/auditscopeukprivate](http://www.frc.org.uk/auditscopeukprivate).

### Opinion on financial statements

In our opinion the financial statements:

- give a true and fair view of the state of the Group's and of The Manchester College's affairs as at 31 July 2015 and of the Group's surplus of income over expenditure for the year then ended in accordance with United Kingdom Generally Accepted Accounting Practice; and

(CONTINUED)

- have been prepared in accordance with the 2007 Statement of Recommended Practice – Accounting for Further and Higher Education Institutions.

**Matters on which we are required to report by exception**

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

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

**GRANT THORNTON UK LLP**  
**STATUTORY AUDITOR, CHARTERED ACCOUNTANTS**  
 Manchester

Date: \_\_\_\_\_

**REPORTING ACCOUNTANT'S ASSURANCE REPORT ON  
 REGULARITY TO THE CORPORATION OF THE MANCHESTER  
 COLLEGE AND SECRETARY OF STATE FOR BUSINESS,  
 INNOVATION AND SKILLS ACTING THROUGH SKILLS  
 FUNDING AGENCY**

In accordance with the terms of our engagement letter dated 25th November 2015 and further to the requirements of the financial memorandum with Skills Funding Agency we have carried out an engagement to obtain limited assurance about whether anything has come to our attention that would suggest that, in all material respects, the expenditure disbursed and income received by The Manchester College during the period from 1 August 2014 to 31 July 2015 have not been applied to the purposes identified by Parliament and the financial transactions do not conform to the authorities which govern them.

The framework that has been applied is set out in the Joint Audit Code of Practice issued jointly by Skills Funding Agency and Education Funding Agency in August 2015. In accordance with this framework, our work has specifically not considered income received from the main funding grants generated through the Individualised Learner Record (ILR) returns, for which the Skills Funding Agency has other assurance arrangements in place.

This report is made solely to the corporation of The Manchester College, as a body, and the Skills Funding Agency, as a body, in accordance with the terms of our engagement letter. Our work has been undertaken so that we might state to the corporation of The Manchester College and the Skills Funding Agency those matters we are required to state in a limited assurance report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the corporation of The Manchester College as a body, and the Skills Funding Agency, as a body, for our work, for this report, or for the conclusion we have formed.

**Respective responsibilities of The Manchester College and the reporting accountant**

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

Our responsibilities for this engagement are established in the United Kingdom and are imposed by law and professional standards and are to obtain limited

**(CONTINUED)**

assurance and report in accordance with our engagement letter and the requirements of the Joint Audit Code of Practice. We report to you whether anything has come to our attention in carrying out our work which suggests that, in all material respects, expenditure disbursed and income received during the period from 1 August 2014 to 31 July 2015 have not been applied to purposes intended by Parliament or that the financial transactions do not conform to the authorities which govern them.

**Approach**

We conducted our engagement in accordance with the Joint Audit Code of Practice issued jointly by Skills Funding Agency and Education Funding Agency. We performed a limited assurance engagement as defined in that framework.

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

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

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

The work undertaken to draw our conclusion includes:

- making enquiries of management;
- analytical procedures;
- evaluation of controls and walkthroughs on a sample of material items
- review of completed and signed self-assessment questionnaire (SAQ);
- review of Board and Committee meeting minutes;
- review of internal audit papers (where relevant); and
- limited testing, on a selective basis, on a number of areas which are considered within the SAQ

**Conclusion**

In the course of our work, nothing has come to our attention which suggests that, in all material respects, the expenditure disbursed and income received during the period from 1 August 2014 to 31 July 2015 has not been applied to purposes intended by Parliament and the financial transactions do not conform to the authorities which govern them.

**GRANT THORNTON UK LLP**  
**STATUTORY AUDITOR, CHARTERED ACCOUNTANTS**  
 Manchester

Date: \_\_\_\_\_

# The Manchester College

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## Financial Statements

for the year ended 31 July 2015

### CONSOLIDATED INCOME AND EXPENDITURE ACCOUNT

		<b>2015</b>	<b>2014</b>
		<b>£000</b>	<b>£000</b>
<b>Income</b>			
Funding body grants	2	133,546	127,338
Tuition fees and education contracts	3	20,225	18,982
Other income	4	13,964	10,924
Endowment and investment income	5	312	468
		<u>168,047</u>	<u>157,712</u>
<b>Total income</b>			
<b>Expenditure</b>			
Staff costs	6	117,428	110,024
Exceptional staff restructuring costs	6	3,713	2,179
Other operating expenses	8	40,521	35,958
Depreciation	13	4,995	4,592
Interest and other finance costs	9	1,370	1,445
		<u>168,027</u>	<u>154,198</u>
<b>Total expenditure</b>			
<b>Surplus on continuing operations after depreciation of tangible fixed assets and before tax</b>			
		20	3,514
Taxation			
	10	143	-
<b>Surplus for the year transferred to general reserves</b>			
	21	<u>163</u>	<u>3,514</u>

The income and expenditure account is in respect of continuing activities. The accompanying notes form part of these financial statements.

## CONSOLIDATED NOTE OF HISTORICAL COST SURPLUSES AND DEFICITS

	Notes	2015 £000	2014 £000
Surplus on continuing operations before taxation		20	3,514
Difference between historical cost depreciation and the actual charge for the year calculated on the re-valued amount	21	239	239
<b>Historical cost surplus for the year before and after taxation</b>		<b>259</b>	<b>3,753</b>

## CONSOLIDATED STATEMENT OF TOTAL RECOGNISED GAINS AND LOSSES

	Notes	2015 £000	2014 £000
Surplus on continuing operations after depreciation of assets at valuation and tax		163	3,514
Actuarial gain/(loss) in respect of pension scheme	29	10,222	(8,273)
<b>Total recognised gain/(loss) relating to the year</b>		<b>10,385</b>	<b>(4,759)</b>
<b>Reconciliation</b>			
Opening reserves		54,407	59,166
Total recognised gain/(loss) for the year		10,385	(4,759)
<b>Closing reserves</b>		<b>64,792</b>	<b>54,407</b>

The accompanying notes form part of these financial statements.

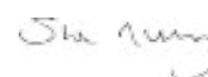
## CONSOLIDATED AND COLLEGE BALANCE SHEET AS AT 31 JULY

	Notes	Group 2015 £000	College 2015 £000	Group 2014 £000	College 2014 £000
<b>Fixed assets</b>					
Intangible assets	12	1,139	-	-	-
Tangible assets	13	118,509	118,193	118,189	118,189
Investments	14, 35	-	2,115	-	-
<b>Total fixed assets</b>		<b>119,648</b>	<b>120,308</b>	<b>118,189</b>	<b>118,189</b>
<b>Current assets</b>					
Stock		34	34	30	30
Debtors	15	11,173	8,791	4,764	4,764
Cash at bank and in hand	28	21,828	21,040	25,454	25,454
		33,035	29,865	30,248	30,248
<b>Less creditors: amounts falling due within one year</b>	16	<b>(23,502)</b>	<b>(21,139)</b>	<b>(19,512)</b>	<b>(19,512)</b>
<b>Net current assets</b>		<b>9,533</b>	<b>8,726</b>	<b>10,736</b>	<b>10,736</b>
<b>Total assets less current liabilities</b>		<b>129,181</b>	<b>129,034</b>	<b>128,925</b>	<b>128,925</b>
Less creditors: amounts falling due after more than one year	17	(26,500)	(26,500)	(28,341)	(28,341)
Less provisions for liabilities and charges	19	(2,135)	(2,131)	(2,126)	(2,126)
<b>Net assets excluding pension liability</b>		<b>100,546</b>	<b>100,403</b>	<b>98,458</b>	<b>98,458</b>
Net pension liability	29	(8,698)	(8,698)	(17,925)	(17,925)
<b>NET ASSETS INCLUDING PENSION LIABILITY</b>		<b>91,848</b>	<b>91,705</b>	<b>80,533</b>	<b>80,533</b>
<b>Deferred capital grants</b>	20	<b>27,056</b>	<b>27,056</b>	<b>26,126</b>	<b>26,126</b>
<b>Reserves</b>					
Income and expenditure account excluding pension reserve	22	67,819	67,676	66,422	66,422
Pension reserve	29	(8,698)	(8,698)	(17,925)	(17,925)
Income and expenditure account including pension reserve	22	59,121	58,978	48,497	48,497
Revaluation reserve	21	5,671	5,671	5,910	5,910
<b>Total reserves</b>		<b>64,792</b>	<b>64,649</b>	<b>54,407</b>	<b>54,407</b>
<b>TOTAL FUNDS</b>		<b>91,848</b>	<b>91,705</b>	<b>80,533</b>	<b>80,533</b>

The financial statements were approved by the Board of Governors on 8th December 2015 and were signed on its behalf on that date by:-

Cllr S Murphy  
Chair  
The accompanying notes form part of these financial statements.

Mr J Thornhill  
Chief Executive Officer




**CONSOLIDATED CASH FLOW STATEMENT**

	Notes	2015 £000	2014 £000
Cash inflow from operating activities	23	2,540	2,567
<b>Returns on investments and servicing of finance</b>	24	(1,234)	(1,254)
<b>Capital expenditure and financial investment</b>	25	(1,590)	(3,765)
<b>Acquisitions</b>	26	(1,327)	-
<b>Financing</b>	27	(2,015)	(2,015)
<b>Decrease in cash in the year</b>		<b>(3,626)</b>	<b>(4,467)</b>
<b>Reconciliation of net cashflow to movement in net debt</b>			
Decrease in cash in the year		(3,626)	(4,467)
Repayment of loans		2,015	2,015
Cash inflow from new secured loan		-	-
Movement in net debt in the year		(1,611)	(2,452)
Net debt at 1 August		(4,626)	(2,174)
<b>Net debt at 31 July</b>	<b>28</b>	<b>(6,237)</b>	<b>(4,626)</b>

The accompanying notes form part of these financial statements.

**NOTES TO THE ACCOUNTS****1. ACCOUNTING POLICIES****Statement of accounting policies**

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

**Basis of preparation**

These financial statements have been prepared in accordance with the Statement of Recommended Practice: *Accounting for Further and Higher Education 2007* (the SORP), the Accounts Direction for 2014-15 financial statements and in accordance with applicable Accounting Standards.

**Basis of accounting**

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

**Going Concern**

The Group's activities, its current financial position and factors likely to affect its future development are set out within the Operating and Financial Review. The Group has in place a two year financial plan and has prepared detailed cash flow forecasts which have been sensitised to take account of a number of reasonably possible scenarios and show the Group has adequate resources to continue in operational existence for the foreseeable future. Due consideration has been taken of adult funding reductions, the need for quality provision, and pay related cost increases. For this reason it continues to be appropriate to adopt the going concern basis in preparing the financial statements.

**Basis of consolidation**

The consolidated financial statements include the college and its subsidiary undertakings. The result of the subsidiary undertakings acquired during the year has been included in the consolidated income and expenditure account from the date of acquisition. Intra group sales and profits are eliminated fully on consolidation. All financial statements are made up to 31 July 2015.

**Recognition of income**

The recurrent grant from HEFCE represents the funding allocation attributable to the current financial year and is credited direct to the income and expenditure account.

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 Skills Budget is adjusted for and reflected in the level of recurrent grant recognised in the income and expenditure account. The final grant income is normally determined with the conclusion of the year end reconciliation process with the funding body at the end of November following the year end, and the results of any funding audits. 16-18 learner-responsive funding is not normally subject to reconciliation and is therefore not subject to contract adjustments.

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

Income from tuition fees is recognised in the period for which it is earned and includes all fees payable by students or their sponsors.

Income from grants including funding body non recurrent grants, contracts and other services rendered is included to the extent of the completion of the contract or service concerned. Any payments received in advance of such performance are recognised on the balance sheet as liabilities along with any anticipated repayment of grants in respect of under delivery.

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

#### Financial liabilities

The financial liabilities comprise bank loans and trade creditors. Financial liabilities are obligations to pay cash or other financial assets and are recognised when the Group becomes a party to the contractual provisions of the instruments.

#### Post retirement benefits

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

Contributions to the TPS are calculated so as to spread the cost of pensions over employees' working lives with the College in such a way that the pension cost is a substantially level percentage of current and future pensionable payrolls. The contributions are determined by qualified actuaries on the basis of quinquennial valuations using a prospective benefit method. As stated in note 29, the TPS is a multi-employer scheme and the College is unable to identify its share of the underlying assets and liabilities of the scheme on a consistent and reasonable basis. The TPS is therefore treated as a defined contribution scheme and the contributions are recognised as they are paid each year.

The assets of the GMPF are measured using closing market values. GMPF liabilities are measured using the projected unit method and discounted at the current rate of return on a high quality corporate bond of equivalent term and currency to the liability. The increase in the present value of the liabilities of the scheme expected to arise from employee service in the period is charged to the operating surplus. The expected return on the scheme's assets and the increase during the period in the present value of the scheme's liabilities, arising from the passage of time, are included in pension finance costs. Actuarial gains and losses are recognised in the statement of total recognised gains and losses.

Retirement benefits for employees of the Total People group of companies are provided through a defined contribution pension scheme and are charged to the Income and expenditure account in the period to which they relate. The Total People group of companies also make contributions to employees' own pension plans on the same basis as contributions made to the group scheme.

#### Enhanced pensions

The actual cost of enhanced on-going pension to a former member of staff is paid by the College 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 the College's income and expenditure account 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.

#### Tangible fixed assets

##### *Land and buildings*

Land and buildings inherited from the Local Education Authority along with land and buildings acquired before 1 September 1997 are held on the balance sheet at the last formal revaluation which took place on 1 September 1997. The valuation determined the useful economic life of these assets to be less than those for new build which is 50 years. This valuation was on the basis of depreciated replacement cost.

Accordingly under the transitional rules of FRS15, these values become the book values as at 31 July 2000 when the College implemented FRS15 for the first time. Land and buildings acquired since 1 September 1997 are included in the balance sheet at historical cost. These values are retained subject to the requirement to test assets for impairment if events or changes in circumstances indicate that the carrying value of the fixed asset may not be recoverable in accordance with FRS 11.

Freehold land is not depreciated. Freehold buildings are depreciated over their expected useful economic life to the College of 50 years.

However refurbishment/additions to existing buildings and leasehold improvements are depreciated over their remaining useful lives or lease lives whichever is the lesser.

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

Finance costs which are directly attributable to the construction of land and buildings are capitalised as part of the costs, until such time when the asset comes into use. Finance costs beyond this date are charged directly to the income and expenditure account.

##### *Assets under construction*

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

##### *Subsequent expenditure on existing fixed assets*

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

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

**Equipment**

Equipment costing less than £5,000 per individual item is written off to the income and expenditure account in the year of acquisition. Equipment inherited from the Local Education Authority is included in the balance sheet at valuation. All other equipment is capitalised at cost.

Equipment is depreciated over its useful economic life on a straight line basis at the following rates:

Fixtures and fittings	3 years - 10 years
Electronic equipment	4 years
Computer software	3 years
Other plant & equipment	6.6 years - 10 years
Motor vehicles	4 years

All above categories are classified as Tangible Fixed Assets Equipment.

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

**Goodwill**

Goodwill is the difference between amounts paid on the acquisition of a business and the fair value of the identifiable assets and liabilities acquired. Goodwill is capitalised and amortised to the income and expenditure account over its estimated economic life of 10 years.

**Investments**

Fixed asset investments are carried at historical cost less any provision for impairment in their value.

**Leased assets**

Costs in respect of operating leases are charged on a straight-line basis over the lease term.

**Stocks**

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

**Maintenance of premises**

The cost of corrective routine maintenance is charged to the Income and Expenditure account in the period it is incurred.

**Taxation**

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

The College is exempt from levying VAT on most of the services it provides to learners. For this reason, the College is generally unable to recover input VAT it suffers on goods and services purchased. Non – pay expenditure is therefore shown inclusive of VAT with any partial recovery netted off against these figures.

The college's subsidiary companies are subject to corporation tax and VAT in the same way as any commercial organisation. Deferred tax is recognised in respect of all timing differences that have originated but not reversed at the balance sheet date. Deferred tax is calculated at the tax rates expected to be effective at the time the timing differences are expected to reverse and is not discounted.

**Liquid resources**

Liquid resources represent sums on short-term deposits with recognised banks and building societies.

**Provisions**

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

**Agency arrangements**

The College acts as an agent in the collection and payment of discretionary support funds. Related payments received from the funding bodies and subsequent disbursements to learners are excluded from the income and expenditure account and are shown separately in Note 34.

**2. FUNDING BODY GRANTS**

	<b>2015</b> <b>£000</b>	<b>2014</b> <b>£000</b>
SFA recurrent grant	19,120	22,156
EFA recurrent grant	30,982	31,335
Recurrent grant – HEFCE	842	1,713
SFA non recurrent grant	70,079	59,464
EFA non recurrent grant	3,047	6,242
Release of deferred capital grants (note 20)	813	733
ESF Co-financing	2,102	889
Higher Education learner support	-	69
Other funds	348	545
Employer responsive	6,213	3,516
<b>Total</b>	<b>133,546</b>	<b>127,338</b>

**3. TUITION FEES AND EDUCATION CONTRACTS**

	<b>2015</b> <b>£000</b>	<b>2014</b> <b>£000</b>
UK higher education learners	8,433	6,787
Non-EU learners	211	249
UK further education learners	9,857	10,497
Education contracts	1,724	1,449
<b>Total</b>	<b>20,225</b>	<b>18,982</b>

**4. OTHER INCOME**

	<b>2015</b> <b>£000</b>	<b>2014</b> <b>£000</b>
Residences, catering and conferences	1,694	1,550
Other income-generating activities*	1,060	1,363
Other income**	11,074	7,733
Releases from deferred capital grant (note 20)	136	278
<b>Total</b>	<b>13,964</b>	<b>10,924</b>

\* This primarily relates to open learning activity and projects undertaken.

\*\* This includes Rental income £646k (2013/14 £687k), Exam fee income £388k (2013/14 £740k), Nursery income £1,322k (2013/14 £989k).

**5. ENDOWMENT AND INVESTMENT INCOME**

	<b>2015</b> <b>£000</b>	<b>2014</b> <b>£000</b>
Interest receivable	136	191
Pension finance income (note 29)	176	277
	<b>312</b>	<b>468</b>

**6. STAFF COSTS**

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

	<b>2015</b> <b>Number</b>	<b>2014</b> <b>Number</b>
Teaching staff	2,201	1,948
Non teaching staff	1,537	1,331
<b>Total</b>	<b>3,738</b>	<b>3,279</b>

**Staff costs for the above persons:**

	<b>2015</b> <b>£000</b>	<b>2014</b> <b>£000</b>
Wages and salaries	96,855	91,458
Social security costs	7,176	6,787
Other pension costs (including FRS 17 adjustments of £1,171,000 ; 2014 £1,042,000)	12,299	10,945
<b>Payroll sub total</b>	<b>116,330</b>	<b>109,190</b>
Contracted out staffing services	1,098	834
<b>Sub total</b>	<b>117,428</b>	<b>110,024</b>
Exceptional restructuring costs	3,713	2,179

**Total Staff Costs**

The number of senior post-holders, the Chief Executive Officer and other staff, who received annual emoluments, excluding pension contributions but including benefits in kind, in the following ranges, was:

	<b>2015</b> <b>Number</b> <b>senior post-</b> <b>holders</b>	<b>2014</b> <b>Number</b> <b>senior post-</b> <b>holders</b>	<b>2015</b> <b>Number</b> <b>Other staff</b>	<b>2014</b> <b>Number</b> <b>Other staff</b>
£60,001 to £70,000	3	1	9	9
£70,001 to £80,000	-	-	4	5
£80,001 to £90,000	-	-	2	7
£90,001 to £100,000	-	1	2	2
£100,001 to £110,000	1	1	1	1
£110,001 to £120,000	1	1	1	-
£120,001 to £130,000	1	-	-	-
£130,001 to £140,000	2	2	-	-
£140,001 to £150,000	-	-	-	-
£150,001 to £160,000	-	-	-	-
£160,001 to £170,000	-	-	-	-
£170,001 to £180,000	-	-	-	-
£180,001 to £190,000	1	1	-	-
<b>Total</b>	<b>9</b>	<b>7</b>	<b>19</b>	<b>24</b>

**7. SENIOR POST-HOLDERS' EMOLUMENTS**

Senior post-holders are defined as the Chief Executive Officer and holders of the other senior posts whom the Governing Body has selected for the purposes of the articles of government of the Group relating to the appointment and promotion of staff who are appointed by the Governing Body.

	<b>2015</b>	<b>2014</b>
	<b>Number</b>	<b>Number</b>
The number of senior post-holders including the CEO was:	<u>9</u>	<u>8</u>
Senior post-holders' emoluments are made up as follows:	<b>£000</b>	<b>£000</b>
Salaries	994	860
Benefits in kind	4	4
	<u>998</u>	<u>864</u>
Pension Contribution	<u>145</u>	<u>123</u>
<b>Total emoluments</b>	<b><u>1,143</u></b>	<b><u>987</u></b>

The above emoluments include amounts payable to the Chief Executive Officer (who is also the highest paid senior post-holder)

	<b>2015</b>	<b>2014</b>
	<b>£</b>	<b>£</b>
Salaries	184,929	182,178
Benefits in kind	-	-
	<u>184,929</u>	<u>182,178</u>
Pension Contribution	<u>29,472</u>	<u>26,870</u>

The pension contributions in respect of the CEO and senior post-holders are in respect of employer's contributions to the Teachers' Pension Scheme and/or Local Government Pension Scheme, and are paid at the same rate as for other employees. The senior post-holders' emoluments stated above includes the following:

**Compensation for loss of office paid to a former senior post-holder.**

	<b>2015</b>	<b>2014</b>
	<b>£</b>	<b>£</b>
Compensation paid to the former post-holder	13,920	-
Estimated value of other benefits, including provisions for pension benefits	-	-

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

**8. OTHER OPERATING EXPENSES**

	<b>2015</b>	<b>2014</b>
	<b>£000</b>	<b>£000</b>
Teaching costs	16,757	12,814
Teaching support services	1,462	1,388
Other support services	1,082	1,534
<b>Total teaching costs</b>	<b><u>19,301</u></b>	<b><u>15,736</u></b>
Administration and central services	8,018	7,375
General education expenditure	6,215	6,436
Refectory	643	480
Other income generating activities	497	875
Other expenses	355	(227)
<b>Total non teaching costs</b>	<b><u>15,728</u></b>	<b><u>14,939</u></b>
<b>Premises</b>	5,492	5,283
<b>Total other operating expenses</b>	<b><u>40,521</u></b>	<b><u>35,958</u></b>
<b>Other operating expenses include:</b>	<b>2015</b>	<b>2014</b>
	<b>£000</b>	<b>£000</b>
Auditors' remuneration	3	-
- Financial statements and regularity audit	38	36
- non – audit services	2	95
- internal audit	36	35
- other services provided by internal auditors	-	1
Loss on disposal of tangible fixed assets	-	-
Hire of plant and machinery– operating leases	563	782
Hire of other assets – operating leases	<u>1,540</u>	<u>1,154</u>

**9. INTEREST PAYABLE**

	<b>2015</b>	<b>2014</b>
	<b>£000</b>	<b>£000</b>
On bank loans repayable wholly or partly in more than 5 years	1,370	1,445
Pension finance costs (note 29)	-	-
<b>Total</b>	<b><u>1,370</u></b>	<b><u>1,445</u></b>

**10. TAXATION**

	<b>2015</b>	<b>2014</b>
	<b>£000</b>	<b>£000</b>
United Kingdom corporation tax at 20 per cent	-	-
Provision for corporation tax repayment in the accounts of the subsidiary	143	-
<b>Total</b>	<b><u>143</u></b>	<b><u>-</u></b>

The members do not consider that the College's activities during the year are liable to Corporation tax.

**11. SURPLUS ON CONTINUING OPERATIONS FOR THE YEAR**

The surplus on continuing operations for the year is made up as follows:

	2015 £000	2014 £000
College's surplus for the year	20	3,514
Surplus generated by subsidiary undertakings	143	-
<b>Total</b>	<b>163</b>	<b>3,514</b>

**12. INTANGIBLE FIXED ASSETS (Group)**

Cost or Valuation	Goodwill £000
At 1 August 2014	-
Additions	1,139
<b>At 31 July 2015</b>	<b>1,139</b>
<b>Amortisation</b>	
At 1 August 2014	-
Charge for the year	-
<b>At 31 July 2015</b>	<b>-</b>
<b>Net book value at 31 July 2015</b>	<b>1,139</b>
<b>Net book value at 31 July 2014</b>	<b>-</b>

Goodwill arising on acquisition is amortised over 10 years.

**13. TANGIBLE FIXED ASSETS (Group)**

Cost or Valuation	Land & Buildings Freehold £000	Land & Buildings Long Leasehold £000	Assets Under Construction £000	Equipment £000	Total £000
At 1 August 2014	146,090	992	-	18,387	165,469
On acquisition	-	-	-	1,199	1,199
Additions	333	-	2,314	2,356	5,003
Transfers	199	-	(199)	-	-
Disposals	-	-	-	(2,645)	(2,645)
<b>At 31 July 2015</b>	<b>146,622</b>	<b>992</b>	<b>2,115</b>	<b>19,297</b>	<b>169,026</b>
<b>Depreciation</b>					
At 1 August 2014	33,065	101	-	14,114	47,280
On acquisition	-	-	-	883	883
Charge for the year	3,295	20	-	1,680	4,995
Eliminated in respect of disposal	-	-	-	(2,641)	(2,641)
<b>At 31 July 2015</b>	<b>36,360</b>	<b>121</b>	<b>-</b>	<b>14,036</b>	<b>50,517</b>
<b>Net book value At 31 July 2015</b>	<b>110,262</b>	<b>871</b>	<b>2,115</b>	<b>5,261</b>	<b>118,509</b>
<b>Net book value At 31 July 2014</b>	<b>113,025</b>	<b>891</b>	<b>-</b>	<b>4,273</b>	<b>118,189</b>

**13. TANGIBLE FIXED ASSETS (College)**

Cost or Valuation	Land & Buildings Freehold £000	Land & Buildings Long Leasehold £000	Assets Under Construction £000	Equipment £000	Total £000
At 1 August 2014	146,090	992	-	18,387	165,469
Additions	333	-	2,314	2,356	5,003
Transfers	199	-	(199)	-	-
Disposals	-	-	-	(2,645)	(2,645)
<b>At 31 July 2015</b>	<b>146,622</b>	<b>992</b>	<b>2,115</b>	<b>18,098</b>	<b>167,827</b>
<b>Depreciation</b>					
At 1 August 2014	33,065	101	-	14,114	47,280
Charge for the year	3,295	20	-	1,680	4,995
Eliminated in respect of disposal	-	-	-	(2,641)	(2,641)
<b>At 31 July 2015</b>	<b>36,360</b>	<b>121</b>	<b>-</b>	<b>13,153</b>	<b>49,634</b>
<b>Net book value At 31 July 2015</b>	<b>110,262</b>	<b>871</b>	<b>2,115</b>	<b>4,945</b>	<b>118,193</b>
<b>Net book value At 31 July 2014</b>	<b>113,025</b>	<b>891</b>	<b>-</b>	<b>4,273</b>	<b>118,189</b>

The transitional rules set out in FRS15 Tangible Fixed Assets have been applied on implementing FRS15. Accordingly the book values at implementation have been retained. Land and buildings were valued in 1997 at depreciated replacement cost by a firm of independent chartered surveyors. Other tangible fixed assets inherited from the LEA at incorporation have been valued by the College on a depreciated replacement cost basis with the assistance of independent professional advice.

Land, buildings and equipment with a net book value of £22,057,582 have been partly financed by exchequer funds, through for example the receipt of capital grants. Should these assets be sold, the College may be liable, under the terms of the Financial Memorandum with the funding body to surrender the proceeds. Included in assets under construction is a sum of £1,576,069 for IT equipment assets being held in trust on behalf of the Skills Funding Agency.

The College's bank loan is secured on a portion of the freehold land and buildings of the College.

#### 14. INVESTMENTS (College)

##### Manchester Education and Training Limited

The College is in a joint venture arrangement with Manchester City Council, (Manchester Education and Training Limited), a company incorporated in England and Wales, the entity being a charitable company limited by guarantee.

The results of Manchester Education and Training Limited for the year ended 31<sup>st</sup> July 2015 are as follows:

	2015	2014
	£	£
Incoming resources	11,130	11,130
Net outgoing resources	(10,842)	(10,842)
Fixed assets	736,293	780,265
Current assets	235,110	223,980
Current liabilities	(12,930)	(12,930)
Net assets	958,473	969,315

The incoming resources are made up of the annual service charge to The Manchester College. The net outgoing resources are stated after charging depreciation amounting to £21,972.

##### Total People Holdings Limited

	2015
	£ 000
Investment at cost	2,115
Additions	2,115
<b>At 31 July 2015</b>	<b>2,115</b>
<b>Net book value at 31 July 2015</b>	<b>1,676</b>
<b>Net book value at 31 July 2014</b>	<b>-</b>

On 31<sup>st</sup> July 2015 The Manchester College acquired 100% of the ordinary share capital of Total People Holdings Limited, a group of companies that are registered in England and Wales as follows:

##### Company name

Total People Holdings Limited	100%	Holding company
Total People Limited*	100%	Training and apprenticeship provider
The Total Apprenticeship Training Company Limited*	100%	Apprenticeship training
Total People Employee Benefit Trustee Limited*	100%	Dormant

\*The shares in these companies are held by Total People Holdings Limited

##### One Central Park Limited

Manchester City Council bought One Central Park Limited on 18<sup>th</sup> June 2014. The college held a 20% share of One Central Park Limited and as with other shareholders agreed to a distribution of funds based on its past occupiers contributions to rent and service charge which in the college's case was £352,944 paid in April 2015. Audited accounts to 31<sup>st</sup> January 2014 were prepared on a non-going concern basis given that the company was placed into a Members Voluntary Liquidation. These accounts included £11k for unforeseen liabilities which will be returned to shareholders together with a return of the initial share capital of £200. The dissolution will take approximately 9 months and be complete by March 2016.

#### 15. DEBTORS

	Group 2015 £000	College 2015 £000	Group 2014 £000	College 2014 £000
<b>Amounts falling due within one year:</b>				
Trade debtors	3,909	2,309	1,394	1,394
Amounts owed by Joint venture	1	1	13	13
Amount owed by group undertakings: Subsidiary undertakings	-	69	-	-
Prepayments and accrued income	5,794	5,468	3,166	3,166
Amounts owed by the SFA/EFA	-	-	-	-
Corporation tax	143	-	-	-
Other debtors	1,326	944	191	191
<b>Total</b>	<b>11,173</b>	<b>8,791</b>	<b>4,764</b>	<b>4,764</b>

**16. CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR**

	<b>Group 2015 £000</b>	<b>College 2015 £000</b>	<b>Group 2014 £000</b>	<b>College 2014 £000</b>
Bank loans	2,015	2,015	2,015	2,015
Payments received in advance	3,360	3,360	6,468	6,468
Trade creditors	2,097	1,796	1,309	1,309
Amounts owed to joint venture undertaking	234	234	223	223
Other taxation and social security	4,293	4,006	3,376	3,376
Other creditors	1,077	1,043	519	519
Accruals	10,426	8,685	5,602	5,602
<b>Total</b>	<b>23,502</b>	<b>21,139</b>	<b>19,512</b>	<b>19,512</b>

**17. CREDITORS: AMOUNTS FALLING DUE AFTER MORE THAN ONE YEAR**

	<b>Group 2015 £000</b>	<b>College 2015 £000</b>	<b>Group 2014 £000</b>	<b>College 2014 £000</b>
Bank loans	26,050	26,050	28,065	28,065
Other	450	450	276	276
<b>Total</b>	<b>26,500</b>	<b>26,500</b>	<b>28,341</b>	<b>28,341</b>

**18. BORROWINGS****Bank loans**

Bank loans are repayable as follows:-

	<b>Group 2015 £000</b>	<b>College 2015 £000</b>	<b>Group 2014 £000</b>	<b>College 2014 £000</b>
In one year or less	2,015	2,015	2,015	2,015
Between one and two years	4,009	4,009	4,030	4,030
Between two and five years	5,798	5,798	5,860	5,860
In five years or more	16,243	16,243	18,175	18,175
<b>Total</b>	<b>28,065</b>	<b>28,065</b>	<b>30,080</b>	<b>30,080</b>

Loans totalling £8.315m with Allied Irish Bank (AIB) are repayable between 2017/18 and 2024/25. Interest payments are variable and linked to the base rate. Loans totalling £19.750m with Royal Bank of Scotland (RBS) are repayable in 2035/36. Interest payments are due in three tranches for 12, 17 and 22 years at fixed rates averaging 6.31 per cent. Both loans are secured on a portion of the freehold land and buildings of the College.

**19. PROVISIONS FOR LIABILITIES AND CHARGES  
GROUP**

	<b>Enhanced Pensions £000</b>	<b>Deferred Taxation £000</b>	<b>Total £000</b>
<b>At 1 August 2014</b>	2,126	-	2,126
Expenditure in the year	86	-	86
Transferred from income and expenditure account	(81)	-	(81)
Acquisition	-	4	4
<b>At 31 July 2015</b>	<b>2,131</b>	<b>4</b>	<b>2,135</b>

**COLLEGE**

	<b>Enhanced Pensions £000</b>
<b>At 1 August 2014</b>	2,126
Expenditure in the year	86
Transferred from income and expenditure account	(81)
<b>At 31 July 2015</b>	<b>2,131</b>

The enhanced pension provision relates to the cost of staff that has already left the College's employment. This provision has been recalculated in accordance with guidance issued by the funding bodies.

The principal assumptions for this calculation are:

	<b>2015</b>	<b>2014</b>
Price inflation	3.46%	4.06%
Discount rate	1.75%	2.25%

**20. DEFERRED CAPITAL GRANTS**

	<b>Group and College</b>		
	<b>Funding body £000</b>	<b>Other Grants £000</b>	<b>Total £000</b>
At 1 August 2014	20,962	5,164	26,126
Cash received	1,576	288	1,864
Debtors movement	-	-	-
Creditors movement	58	(43)	15
Released to income and expenditure account	(813)	(136)	(949)
<b>At 31 July 2015</b>	<b>21,783</b>	<b>5,273</b>	<b>27,056</b>

**21. REVALUATION RESERVE**

	<b>Group 2015 £000</b>	<b>College 2015 £000</b>	<b>Group 2014 £000</b>	<b>College 2014 £000</b>
<b>At 1 August</b>	5,910	5,910		6,149
Depreciation on revalued assets	(239)	(239)	(239)	(239)
<b>At 31 July</b>	<b>5,671</b>	<b>5,671</b>	<b>5,910</b>	<b>5,910</b>

**22. MOVEMENT ON GENERAL RESERVES**

	<b>Group 2015 £000</b>	<b>College 2015 £000</b>	<b>Group 2014 £000</b>	<b>College 2014 £000</b>
<b>Income and expenditure account reserve</b>				
<b>at 1 August</b>	48,497	48,497	53,017	53,017
Surplus retained for the year	163	20	3,514	3,514
Transfer from revaluation reserve	239	239	239	239
Actuarial gain / (loss) in respect of pension scheme	10,222	10,222	(8,273)	(8,273)
<b>At 31 July</b>	<b>59,121</b>	<b>58,978</b>	<b>48,497</b>	<b>48,497</b>
<b>Balance represented by:</b>				
Pension reserve	(8,698)	(8,698)	(17,925)	(17,925)
Income and expenditure account reserve excluding pension reserve	67,819	67,676	66,422	66,422
<b>At 31 July</b>	<b>59,121</b>	<b>58,978</b>	<b>48,497</b>	<b>48,497</b>

**23. RECONCILIATION OF OPERATING SURPLUS TO NET CASH INFLOW FROM OPERATING ACTIVITIES**

		<b>2015 £000</b>	<b>2014 £000</b>
	<b>Notes</b>		
Surplus on continuing operations after depreciation of assets at valuation and before tax		20	3,514
Depreciation	13	4,995	4,592
Deferred capital grants released to income	2 & 4	(949)	(1,011)
Profit on disposal of tangible fixed assets		(5)	-
Pension finance income	5	(176)	(277)
Increase in stocks		(4)	-
Interest payable	9	1,370	1,445
FRS17 Pension cost less contributions payable		1,171	1,042
Increase in debtors		(4,027)	(756)
Increase / (Decrease) in creditors		276	(5,783)
Increase / (Decrease) in provisions		5	(8)
Interest receivable	5	(136)	(191)
<b>Net cash inflow from operating activities</b>		<b>2,540</b>	<b>2,567</b>

**24. RETURNS ON INVESTMENTS AND SERVICING OF FINANCE**

	<b>2015 £000</b>	<b>2014 £000</b>
Interest received	136	191
Interest paid	(1,370)	(1,445)
<b>Net cash outflow from returns on investments and servicing of finance</b>	<b>(1,234)</b>	<b>(1,254)</b>

**25. CAPITAL EXPENDITURE AND FINANCIAL INVESTMENT**

	<b>2015 £000</b>	<b>2014 £000</b>
Purchase of tangible fixed assets	(3,463)	(3,838)
Sale of tangible fixed assets	9	5
Deferred capital grants received	1,864	68
<b>Net cash outflow from capital expenditure</b>	<b>(1,590)</b>	<b>(3,765)</b>

**26. ACQUISITIONS**

	<b>2015 £000</b>	<b>2014 £000</b>
Purchase off subsidiary undertakings	(2,115)	-
Net cash acquired with subsidiary undertakings	788	-
<b>Net cash outflow from acquisitions</b>	<b>(1,327)</b>	<b>-</b>

**27. FINANCING**

	<b>2015 £000</b>	<b>2014 £000</b>
Repayment of amounts borrowed	(2,015)	(2,015)
<b>Net cash outflow from financing</b>	<b>(2,015)</b>	<b>(2,015)</b>

**28. ANALYSIS OF CHANGES IN NET DEBT**

	<b>2014 £000</b>	<b>Cash flows £000</b>	<b>2015 £000</b>
Cash in hand at bank	25,454	(3,626)	21,828
Debt due within 1 year	(2,015)	-	(2,015)
Debt due after 1 year	(28,065)	2,015	(26,050)
<b>Total</b>	<b>(4,626)</b>	<b>(1,611)</b>	<b>(6,237)</b>

## 29. PENSION AND SIMILAR OBLIGATIONS

The College's employees belong to two principal pension schemes: the Teachers' Pension Scheme England and Wales (TPS) for academic and related staff and the Greater Manchester Pension Fund (GMPF) which is part of the Local Government Pension Fund (LGPS). Both are defined-benefit schemes.

	<b>2015</b>	<b>2014</b>
	<b>£000</b>	<b>£000</b>
<i>Total pension cost for the year</i>		
Teachers' pension scheme: contributions paid	6,749	6,134
Local Government Pension Scheme:		
Contributions paid	4,293	3,769
FRS 17 charge	<u>1,171</u>	<u>1,042</u>
Charge to the Income & Expenditure Account (staff costs)	5,464	4,811
Enhanced pension charge to income and expenditure account (staff costs)	86	-
	<u>12,299</u>	<u>10,945</u>
<i>Total pension cost for year</i>		

The pension costs are assessed in accordance with the advice of independent qualified actuaries. The latest formal actuarial valuation of the TPS was 31 March 2012 and of the LGPS was 31 March 2013.

Contributions amounting to £1,599,924 (2014 £1,304,120) were payable to the schemes at 31<sup>st</sup> July and are included within creditors (other taxation and social security).

### Teachers Pension Scheme

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

### The Teachers' Pension Budgeting and Valuation Account

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

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

### Valuation of the Teachers' Pension Scheme

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

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

The new employer contribution rate for the TPS will be implemented in September 2015.

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

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

### Scheme Changes

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

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

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

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

The pension costs paid to TPS in the year amounted to £6,749,000 (2014: £6,134,000).

### FRS 17

Under the definitions set out in Financial Reporting Standard 17 (Retirement Benefits), the TPS is a multi-employer pension scheme. The College is unable to identify its share of the underlying assets of the scheme.

Accordingly, the College has taken advantage of the exemption in FRS17 and has accounted for its contributions to the scheme as if it were a defined contribution scheme. The College has set out above the information available on the deficit in the scheme and the implications for the College in terms of the anticipated contribution rates.

**Greater Manchester Pension Fund**

The GMPF is a funded defined benefit scheme, with the assets held in separate funds administered by Tameside Metropolitan Borough Council. The total contribution made for the year ended 31 July 2015 was £6,010,000 of which employers contributions totalled £4,215,000 and employee's contributions totalled £1,795,000. The agreed contribution rates are 16.9% for employers. Employees range from 5.5% to 12.5% depending on salary.

**FRS 17****Principal Actuarial Assumptions**

The following information is based upon a full actuarial valuation of the fund at 31 March 2013 updated to 31 July 2015 by a qualified independent actuary

	At 31 July 2015	At 31 July 2014
Inflation/Pension Increase Rate	2.5%	2.5%
Salary Increase Rate	1.0%	3.5%
Expected Return on Assets	3.8%	5.1%
Discount Rate	3.8%	4.3%

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

	At 31 July 2015	At 31 July 2014
<b>Retiring Today</b>		
Males	21.4	21.4
Females	24.0	24.0
<b>Retiring in 20 years</b>		
Males	24.0	24.0
Females	26.6	26.6

The assets in the scheme (of which the College's share is estimated to be £131,492,000 at 31 July 2015 and £119,982,000 at 31 July 2014) and the expected rates of return were:

	Long-term rate of return expected at 31 July 15	Value at 31 July 2015 £000	Long-term rate of return expected at 31 July 14	Value at 31 July 2014 £000
Equities	5.7%	93,359	5.7%	85,187
Bonds	3.5%	23,669	3.5%	21,597
Property	3.9%	9,204	3.9%	7,199
Cash	3.0%	5,260	3.0%	5,999
<b>Total Market Value of Assets</b>		<b>131,492</b>		<b>119,982</b>

The major categories of plan assets as a percentage of the total plan assets are as follows:

	At 31 July 2015	At 31 July 2014
Equities	71%	71%
Bonds	18%	18%
Property	7%	6%
Cash	4%	5%
	<b>100%</b>	<b>100%</b>

	2015 £000	2014 £000
Actual return on scheme assets	8,344	5,570

	Year Ended 31 July 2015 £000	Year Ended 31 July 2014 £000
The College's estimated asset share	131,492	119,982
Present value of scheme liabilities	(140,190)	(137,907)
Deficit in the scheme	<b>(8,698)</b>	<b>(17,925)</b>

**Analysis of the amount charged to income and expenditure account**

	2015 £000	2014 £000
Current service cost	5,043	4,445
Past service cost	13	5
Curtailed and settlements	330	270
Total operating charge	<b>5,386</b>	<b>4,720</b>

**Analysis of pension finance cost**

	2015 £000	2014 £000
Expected return on pension scheme assets	(6,194)	(5,952)
Interest on pension liabilities	6,018	5,675
Pension finance income	<b>(176)</b>	<b>(277)</b>

**Amount recognised in the statement of total recognised gains and losses (STRGL)**

	2015 £000	2014 £000
Actual return less expected return on pension scheme assets	2,149	(4,218)
Change in financial assumptions underlying the scheme liabilities	8,073	(4,055)
<b>Total</b>	<b>10,222</b>	<b>(8,273)</b>

**Movement in deficit during year**

	2015 £000	2014 £000
Deficit in scheme at 1 August	(17,925)	(8,887)
Movement in year:		
Current service charge	(5,043)	(4,445)
Employer contributions	4,215	3,678
Past service cost	(13)	(5)
Impact of settlement and curtailments	(330)	(270)
Net finance gain	176	277
Actuarial gain / (loss)	10,222	(8,273)
Deficit in scheme at 31 July	<b>(8,698)</b>	<b>(17,925)</b>

**Asset and Liability Reconciliation**

	<b>2015</b>	<b>2014</b>
	<b>£000</b>	<b>£000</b>
Reconciliation of Liabilities		
Liabilities at start of year	137,907	124,253
Service cost	5,043	4,445
Interest cost	6,018	5,675
Employee contributions	1,795	1,614
Actuarial (gain) / loss	(8,073)	4,055
Benefits paid	(2,843)	(2,410)
Past Service cost	13	5
Curtailments and settlements	330	270
	<b>140,190</b>	<b>137,907</b>

**Reconciliation of Assets**

	<b>2015</b>	<b>2014</b>
	<b>£000</b>	<b>£000</b>
Assets at start of year	119,982	115,366
Expected return on assets	6,194	5,952
Actuarial gain / (loss)	2,149	(4,218)
Employer contributions	4,215	3,678
Employee contributions	1,795	1,614
Benefits paid	(2,843)	(2,410)
	<b>131,492</b>	<b>119,982</b>

The cumulative actuarial gain and loss recognised in the statement of total recognised gains and losses at 31st July 2015 were a gain of £3,665,000 (2014: loss of £6,557,000).

The estimated value of employer contributions for the year ended 31 July 2016 is £4,712,000.

**History of experience gains and losses**

	<b>2015</b>	<b>2014</b>	<b>2013</b>	<b>2012</b>	<b>2011</b>
Difference between the expected and actual return on assets:					
Amount £'000	2,149	(4,218)	14,442	(3,214)	3,037
Experience gains and losses on Scheme liabilities:					
Amount £'000	940	3,053	-	(1,118)	2,453
Total amount recognised in STRGL:					
Amount £'000	10,222	(8,273)	17,137	(11,330)	8,154

The number of Offenders' Learning and Skills Service (OLASS) contracts operated by the College increased in 2009/10. As a result of this a number of employees transferred to the College under the Transfer of Undertakings Protection of Employment (TUPE) regulations. Pension benefits for around 200 of these employees under the Local Government Scheme (LGPS) have transferred to the College's own admission agreement to the Greater Manchester Pension Fund (GMPF). At 31 July 2015 the actuary has been unable to estimate the effect of the transfer on the balance sheet and revenue accounts as transfer data is not yet available, as such any past service cost relating to these employees is not recognised within the Financial Reporting Standard (FRS) 17 valuation. Any shortfall arising on transfer would be collected through future contributions to the scheme.

The College continues to contribute to the GMPF at levels set by the actuary; as such no provision has been recognised within the financial statements.

**30. CAPITAL COMMITMENTS**

	<b>2015</b>	<b>2014</b>
	<b>£000</b>	<b>£000</b>
Commitments contracted for at 31 July	933	290
Authorised but not contracted at 31 July	868	-

**31. FINANCIAL COMMITMENTS**

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

	<b>2015</b>	<b>2014</b>
	<b>£000</b>	<b>£000</b>
<b>Land and buildings</b>		
Expiring within one year	213	178
Expiring between two and five years inclusive	197	226
Expiring in over five years	1,365	1,304
<b>Total</b>	<b>1,775</b>	<b>1,708</b>
<b>Other</b>		
Expiring within 1 year	443	382
Expiring between two and five years inclusive	201	59
Expiring in over five years	-	293
<b>Total</b>	<b>644</b>	<b>734</b>

**32. CONTINGENT LIABILITIES**

Deferred consideration of a maximum of £1,800,000, if all relevant conditions are met, could become payable depending on certain criteria in the 'sales and purchase agreement' in respect of the acquisition of the Total People Holdings Limited group of companies. There is a degree of uncertainty about whether these criteria will be met, hence no provision made in the accounts.

There were no other contingent liabilities for the financial year ended 31 July 2015 (2014: nil).

**33. RELATED PARTY TRANSACTIONS**

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

The group has taken advantage of the exemption from the requirements of Financial Reporting Standard No.8 to disclose transactions with other wholly owned members of the group headed by The Manchester College.

The following disclosures are required under Financial Reporting Standard 8.

**Manchester Education and Training Limited (“MET”)**

MET is an undertaking by which its participants (The College and Manchester City Council ‘MCC’) expect to receive some common purpose or benefit. It is controlled jointly by both the above parties.

The College was charged services of £11,130 (2014: £11,130), in respect of rent, depreciation of £10,500 (2014: £10,500) and a commercial mark-up £630 (2014: £630).

At the year end, the College had £12,930 (2014: £12,930) outstanding from MET and MET was owed £234,043 (2014: £222,913) by the College.

**34. LEARNER SUPPORT FUNDS**

	2015 £000	2014 £000
<b>Access Funds</b>		
Funding body grants – hardship support	3,010	2,327
Funding body grants – childcare	2,935	3,680
Funding body grants – residential bursary	-	8
Interest earned	6	9
	<u>5,951</u>	<u>6,024</u>
Disbursed to learners	(5,549)	(5,723)
Staffing	(141)	-
Administration costs	(261)	(301)
Audit fees	-	-
Balance unspent as at 31 July, included in creditors	<u>-</u>	<u>-</u>

Funding body grants are available solely for learners. In the majority of instances, the College only acts as a paying agent. In these circumstances, the grants and related disbursements are therefore excluded from the Income and Expenditure Account. The income and expenditure consolidated in the College’s financial statements relates to the purchase of some equipment from the access fund and the payment of accommodation by the College on the learners behalf.

**35. ACQUISITION**

On 31 July 2015 the college acquired 100% of the ordinary share capital of the Total People Holdings Limited group of companies, an award winning training provider to help spearhead our focus on improving quality and boosting our offering in work based learning.

The acquisition was in line with our strategy and plan to grow our delivery of quality training and apprenticeships, to meet demands for apprenticeship growth from government and employers.

The following table shows the cost and fair value of the assets and liabilities of the Total People Holdings Limited group at the date of acquisition:

	Book value £ 000	Fair value adjustment £ 000	Fair value £ 000
<b>Fixed assets</b>			
Goodwill	1,295	(1,295)	-
Tangible assets	316	-	316
<b>Current assets</b>			
Debtors	2,308	-	2,308
Cash at bank and in hand	788	-	788
<b>Current liabilities</b>			
Creditors: amounts falling due within one year	2,432	-	2,432
<b>Net current assets</b>	<b>664</b>	<b>-</b>	<b>664</b>
<b>Total assets less current liabilities</b>	<b>2,275</b>	<b>(1,295)</b>	<b>980</b>
Provision for liabilities	4	-	4
<b>Net assets</b>	<b>2,271</b>	<b>(1,295)</b>	<b>976</b>
100% of net assets acquired by the college			976
Consideration			2,115
<b>Goodwill on acquisition</b>			<b>1,139</b>



The Manchester College Group is committed to equality of opportunity, non-discriminatory practices and supporting individual learners.

**This information is also available in a range of formats, such as large print, on request.**