



The Trafford College Group
Annual Report and Financial Statements
Year ended 31 July 2021

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Reference and Administrative Details

BOARD OF GOVERNORS

James Scott – Principal and CEO	Tom Healy (to 10/09/2020)
Graham Luccock – Chair of the Board of Governors	Alison Hewitt (from 04/05/2021)
Kurt Allman	Heather Lang (from 04/01/2021)
Leanne Arch (to 21/07/2021)	Joaquin Llorente (to 28/09/2020)
James Beazley	Esha Mumtaz (to 21/07/2021)
Jill Bottomley	Ayodele Oyeboode (from 04/01/2021)
Glynis Brown (to 28/03/2021)	Louise Richardson
Glad Capewell	Guy Robson (to 15/12/2020)
Sue Derbyshire	Ian Ruff (to 21/07/2021)
Sarah Drake	Sattar Shakoor (from 25/03/2021)
Colette Fagan	Lina Tsui-Cheung (from 04/05/2021)
Janet Grant	Sabine Van der Veer (from 04/01/2021)
Jed Hassid	Jeremy Woodside

CLERK OF THE BOARD / COMPANY SECRETARY

B Watson

KEY MANAGEMENT PERSONNEL

J Scott	Principal and Chief Executive Officer (Accounting Officer)
C Gonzalez-Eslava	Deputy Principal (from 1 March 2021)
A Bennett	Director of Finance and Strategy (to 30 April 2021)
D Hedges	Interim Chief Finance Officer (from 3 May 2021 to 9 July 2021)
K Kay	Chief Finance Officer (from 12 July 2021)
M Leslie	Vice Principal Corporate Services and Planning

REGISTERED OFFICE

Altrincham Campus
Manchester Road, West Timperley, Altrincham WA14 5PQ

PROFESSIONAL ADVISORS

Financial Statement and Reporting Accountants:

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

Internal Auditors:

BDO LLP
3 Hardman Street, Spinningfields,
Manchester M3 3AT

Bankers:

Barclays
1st Floor, 3 Hardman Street, Spinningfields,
Manchester M3 3HF

Solicitors:

Eversheds LLP
Two New Bailey, 6 Stanley Street,
Salford, M3 5GX

Irwin Mitchell LLP
1 St Peter's Square,
Manchester M2 3AF

WEBSITES

<https://trafford.ac.uk/>
<https://stockport.ac.uk/>

<https://cheadle.ac.uk/>
<https://marple.ac.uk/>

Strategic Report and Report of the Governing body

OBJECTIVES AND STRATEGY

The members present their report and the audited financial statements for the year ended 31 July 2021.

Legal status

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

The Corporation was incorporated as South Trafford College. On 1 September 2007, the Secretary of State granted consent to the Corporation to change the College's name to Trafford College. On this date, the activities of North Trafford College were merged with those of South Trafford College. There was a further name change on 5 April 2018 when Trafford College merged with Stockport College to form The Trafford College Group (TCG or the Corporation).

On 4 May 2021 the activities of the Cheadle and Marple Sixth Form College (CAMSFC) were successfully merged into the TCG and their assets and liabilities were transferred across on that date.

Mission, Vision, Strategy and Objectives

The recent merger with Cheadle and Marple has coincided with the triennial refresh of the Strategic Plan of the Corporation. The heart of this plan continues to focus on 'One College, Local Delivery' to encompass all parts of the newly enlarged College Group, aimed at ensuring the TCG is responsive to local and regional priorities whilst recognising the difference in the offering at its campuses. To ensure the success of the strategic plan, the TCG approach will be that all colleagues, students and stakeholders play their part in building an inclusive culture whilst also retaining a strong sense of local identity.

The TCG's mission is to provide the highest quality of education and training to all our students and employers through an inclusive and career focused curriculum.

The TCG's purpose is 'Unlocking Potential, Fostering Success'. This is supported by the TCG's vision to be a leading provider of education and skills that supports community cohesion and drives local and regional productivity.

The TCG provides academic, technical and professional further and higher education. The TCG ensures that all our learners gain the education, skills and personal development they need to meet the local and regional skills challenge, putting them ahead of the competition in terms of securing meaningful employment and progression to higher level study.

The TCG places the development of employability and professional skills at the core of their programmes. The TCG underpins the programmes practically with: a digital entitlement; a values-driven curriculum; an emphasis on professional behaviours; and the setting at a high level of both the aspirations and the actual standards the students can achieve.

The core values of the TCG are for all communities comprising the TCG to be:

- **Ambitious:** We set high expectations and standards for students, colleagues, and our communities, striving for excellence in all that we do.

Strategic Report and Report of the Governing body (continued)

- **Resilient:** We believe that every challenge is an opportunity to learn, develop and become stronger.
- **Collaborative:** We work together, support one another, share ideas, and encourage success.
- **Inclusive:** We value individual differences and creating an environment where everyone has the same opportunities.
- **Respectful:** We allow ourselves and others to grow by treating each other with thoughtfulness and an open mind.

Key priorities arising from the Trafford College Group Strategic Plan are:

Strategic Priority 1: Providing high quality, responsive education and training for all our students enabling their success and supporting their progression.

Strategic Priority 2: Establish TCG as a sector leading employer so that our colleagues thrive and deliver the highest quality of education and experience to all our students and stakeholders.

Strategic Priority 3: Driving business recovery, renewal and productivity through transformational relationships with employers.

Strategic Priority 4: Clearly defining and delivering our corporate social responsibility and civic duty as an anchor institution for our local communities.

To enable the successful delivery of these priorities, the TCG has set three strategic enablers, as follows:

Strategic Enabler 1: Transforming our college estate to meet the skills and education needs of now and the future.

Strategic Enabler 2: Delivering our Digital Strategy to enhance learning and ways of working with highly effective use of technology.

Strategic Enabler 3: Ensuring good financial health, managed growth and value for money.

The Trafford College Group strategic priorities and enablers are at the forefront of all endeavours of the communities that form the TCG.

Resources

The TCG has various resources that it can deploy in pursuit of its strategic priorities.

Tangible resources include the five college campuses and £16.2 million (2020 £5.5m) in cash. Cash reserves are high due to the refurbishment of the Stockport Campus, which is underway and cash receipts to support this have been made available from Greater Manchester Combined Authority, along with the cash receipt from the disposal of part of the Stockport campus site. The first phase was opened from September 2021 for the new academic year and a large proportion of the cash held at the year end, is in readiness for the next stage of the redevelopment.

Strategic Report and Report of the Governing body (continued)

Underlying cash reserves, i.e. excluding capital receipts, will be critical in supporting the TCG through any turbulence as a result of further funding cuts and the risks to student number attainment and retention in the wake of Covid-19.

The average number of persons employed in the financial year 2021 was 517 full time equivalents (FTEs) (2020: 496 FTEs) across a range of curriculum, management and support roles, of whom 321 (2020: 322) are teaching staff. It should be noted that the FTE figure reflects CAMSFC staff for the final three months of the year only. Therefore, to provide some context, the FTE for the final month of the year across the TCG was 609 FTEs.

The TCG enrolled approximately 13,591 students (2020: 10,781). The TCG's student population includes 5,215 (2020: 3,318) 16-18 year old students, 1,536 (2020: 1,605) apprentices, 393 (2020: 607) higher education students and 4,329 (2020: 5,251) adult learners. It should be noted that recruitment of Apprentices and Adult provision reduced from March 2020 due to Covid-19, and have remained lower than typical throughout 2021 so comparisons with previous years are not 'like for like'.

The addition of Cheadle and Marple Sixth Form College to the College has contributed 1,538 16-18 learners and 123 adult learners.

The TCG has a very good reputation sub regionally and nationally. Maintaining a quality brand is essential for the TCG's success in attracting students and building external relationships.

Since its formation in April 2018, the Trafford College Group has made demonstrable progress in delivery on its mission of providing an innovative approach to learning and exceptional engagement with business to prepare learners for success in work and life. In September 2020 TCG was selected to become a WorldSkills UK Centre of Excellence and this recognition occurred at the same time as the College being awarded, once again, the status of being a Microsoft Showcase School. The recognition builds on foundations already established since the merger, which includes OfSTED providing its highest observation of "significant progress" during the last formal monitoring visit, being awarded Office for Students (OfS) registration as a merged College, as well as TCG achieving a Bronze on the Teaching Excellence Framework for its Higher Education provision.

Stakeholder relationships

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

- Students
- Education Sector Funding Bodies
- Office for Students
- Staff
- Local, regional and national employers (with specific links)
- Local authorities including GMCA
- Schools
- Government Offices/Local Enterprise Partnerships/New Economy
- The local community
- Other FE and HE institutions
- Greater Manchester Colleges Group
- Trade Unions. The trade unions of which TCG staff are members are the University and College Union, National Education Union and Unison
- Professional Bodies

Strategic Report and Report of the Governing body (continued)

The TCG recognises the importance of these relationships and engages in regular communication with them by meetings, correspondence and through the TCG website. In addition, many learners of the TCG undertake work placement opportunities with some of our key employer links, enhancing their learning experience.

In response to the outbreak of Covid-19, the TCG worked closely with all stakeholders to ensure service continuity.

Public benefit

The Trafford College Group is an exempt charity under Part 3 of the Charities Act 2011 and from 9 November 2016 is regulated by the Secretary of State for Education 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 18.

In setting and reviewing the TCG's strategic objectives, the Governing Body has 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. The delivery of public benefit is covered throughout the Operating and Financial Review.

In delivering its mission, the TCG provides identifiable public benefits through the advancement of education to its students. The TCG adjusts its courses to meet the needs of local employers. The TCG is committed to providing information, advice and guidance to the students it enrolls and to finding suitable courses for as many students as possible regardless of their educational background.

DEVELOPMENT AND PERFORMANCE

Financial results

The TCG reported a surplus before other gains and losses of £9,424k in 2021 compared to a deficit of £1,889k the previous year. On 4 May 2021, the Trafford College Group merged with Cheadle and Marple Sixth Form College. Given the relative size of the two College Groups, along with lasting governance arrangements, this has been accounted for using the acquisition method of accounting and therefore the surplus includes the benefit of a gift of net assets of £7,791k. Further detail on this can be found at note 28.

The surplus also includes the profit on sale of tangible fixed assets of £2,425k. Therefore, excluding the impact of this and the merger, a deficit before other gains and losses of £792k is reported. During the current year, the TCG has benefitted from funding from the Provider Market Oversight Unit with £1,533k (2020: £946k) being released to the Statement of Comprehensive income. The funding in respect of 2021 was to support the merger with CAMSFC, whereas monies received in 2020 were final support funding associated with the 2018 merger of Trafford College and Stockport College.

The total comprehensive income in 2021 is stated after accounting for a gain on the pension scheme of £5,390k (2020: loss of £14,784k), resulting in a total comprehensive gain for the year of £14,814k (2020: loss of £16,673k). The TCG experienced a significant increase in its defined benefit pension obligations in 2020 as a result of the movements in discount rates and actuarial assumptions underpinning the actuarial valuation. The gain on this liability in 2021, in combination with the impact of the gift on merger and profit on disposal of tangible fixed assets, has significantly reduced the net liability position of the TCG to £2,888k (2020: £17,702k liability).

Strategic Report and Report of the Governing body (continued)

Cash flows and liquidity

Net cash flows from operating activities in 2021 totalled inflows of £4,826k (2020: inflows of £5k). This included the receipt of £390k (2020: £1,410k) from the Provider Market Oversight Unit. These cash receipts have been used in part to create a stable footing for the future of the TCG, recognised in the Statement of Comprehensive Income as revenue and in the 2020 year were also used to invest in a stable property base at the Stockport Campus, with the revenue deferred to match the associated investment.

The size of the TCG's total borrowing and its approach to interest rates has been calculated to ensure reasonable headroom between the total cost of servicing debt and operating cash flow. During the year this headroom was comfortably managed.

Developments

The TCG's development involved tangible fixed asset additions during the year amounting to £11,280k (2020: £1,744k). This incorporates £10,334k (2020: £1,311k) invested in the redevelopment of the Stockport campus and £946k (2020: £432k) of equipment purchased.

Reserves

The TCG has accumulated reserves of negative £2,888k (2020: negative £17,702k) and cash balances of £16,189k (2020: £5,514k). The actuarial valuation of the defined benefit pension liability has resulted in an actuarial pensions gain reported in the year of £5,390k (2020: loss of £14,784k). The TCG will continue to accumulate sufficient cash reserves in order to generate the funds required to service the loan in respect of the capital investment at the Trafford site, to invest in improved facilities and resources for all learners within the TCG and to ensure financial stability in future years.

The TCG does not hold any restricted reserves at the year end.

Sources of income

The TCG has significant reliance on the education sector funding bodies for its principal funding source, largely from recurrent grants. In 2021 ESFA provided 91% (2020: 81%) of The TCG's total income, excluding the gift of net assets on merger. This includes the benefit of £1,533k (2020: £946k) from the Provider Market Oversight Unit to support the harmonisation of the TCG following the merger with CAMSFC. The income recognised in 2020 was to support the merger with Stockport College, which took place in 2018.

COVID-19

Following the government announcement to implement lockdown measures in England, from 23 March 2020 the TCG moved to a blended remote learning model, with its campuses remaining open to support vulnerable learners and those related to key workers. The TCG implemented Covid-19 risk management meetings to ensure the impact on the TCG was minimised. These measures continued throughout 2021 to allow the TCG to be reactive to changes in legislation or the local picture regarding Covid-19. The TCG rapidly assessed the risk to its key suppliers and worked very closely with its suppliers to ensure service continuity and comply with the requirements of PPN 02/20 and thereafter PPN 04/20, whilst maintaining the principles of value for money embedded within the TCG. The TCG has taken action to minimise the impact of Covid-19 on its financial results for 2021, by maintaining tight cost control, given the reduction in recruitment for Adult and Apprenticeship provision, as well as some commercial enterprises of the TCG, such as the hair salons remaining closed for the full academic year.

Strategic Report and Report of the Governing body (continued)

In response to Covid-19 the TCG has plans in place to ensure it continues to operate and provide learners with an outstanding education experience with excellent qualification outcomes.

The TCG continues to monitor the situation and take appropriate actions as required.

STREAMLINED ENERGY AND CARBON REPORTING

In line with The Companies and Limited Liability Partnerships (Energy and Carbon Regulations 2018), the College has set out its greenhouse gas emissions and energy use for the period are set out below:

UK Greenhouse gas emissions and energy use data for the period	1 August 2020 to 31 July 2021	1 August 2019 to 31 July 2020
Energy consumption used to calculate emissions (kWh)		
Gas	4,898,484	4,851,486
Electricity	3,609,707	3,818,077
Transport fuel	69,549	185,489
Total energy consumption	8,577,740	8,855,052
Scope 1 emissions in metric tonnes CO₂e		
Gas consumption	897	891
Owned transport	3	1
	900	892
Scope 2 emissions in metric tonnes CO₂e		
Purchased electricity	766	890
Scope 3 emissions in metric tonnes CO₂e		
Business travel in employee owned vehicles	16	46
Total gross emissions in metric tonnes CO₂e	1,682	1,828
Intensity ratio		
Metric tonnes CO ₂ e per staff FTE	3.25	3.69

Qualification and reporting methodology

We have followed the 2019 HM Government Environmental Reporting Guidelines. We have also used the GHG Reporting Protocol – Corporate Standard and have used the 2021 (prior year: 2020) UK Government’s Conversion Factors for Company Reporting.

Intensity measurement

The chosen intensity measurement ratio is total gross emissions in metric tonnes CO₂e per staff FTE, the commended ratio for the sector. The prior year figure has been restated as previous guidance suggested an intensity ratio of metric tonnes CO₂e per learner.

Measures taken to improve energy efficiency

The TCG has measures in place across its campuses to minimise energy usage. The TCG is currently undertaking redevelopment of part of the Stockport College site. Refurbished buildings are being built to BREEAM standard Very Good and new buildings to Excellent, which will reduce the energy needs of these buildings compared to their previous form. The Estates Strategy for the TCG was refreshed following merger with CAMSFC, and considers further sustainability aims of the TCG with an eye to the prospective clean air zone that is proposed for Greater Manchester.

Strategic Report and Report of the Governing body (continued)

FUTURE PROSPECTS

Future developments

On 4 May 2021 the Trafford College Group merged with the Cheadle and Marple Sixth Form College, after over a year of working closely together and approval from the ESFA. Learners will continue to access the same courses at the same locations just as before, whilst benefiting potentially from access to a wider curriculum and enhanced progression opportunities. In addition, the merger has allowed us to share key services and functions across the two College Groups, allowing us to be more efficient and effective. This forward-thinking approach gives us the opportunity to secure the viability and future prosperity of each college for many years to come.

Trafford College Group continues to invest in the Stockport campus. The new campus will deliver high quality facilities to students. Part of the redevelopment of the Stockport campus is being funded by the sale of surplus land and buildings, which took place on 9 April 2021.

Financial plan

An updated three year Financial Plan was approved in September 2021 which takes into account the impact of the recently expanded College Group and the growth prospects that are anticipated. The financial risks of the TCG are managed by the TCG risk management process, as set out in the Statement of Corporate Governance and Internal Control. Barclays bank have been very supportive of the Trafford College Group and agreed to amend the Loan Covenants to reflect the merger in May 2021.

Treasury policies and objectives

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

The TCG is able to place deposits, certificates of deposit and treasury bills with:

- international banks with a Standard & Poor's long term rating of AA- or above;
- the following UK banks with a Standard & Poor's long term rating of A- or above Barclays Bank plc, Lloyds Bank plc and the Royal Bank of Scotland plc.

There is additional guidance in respect of cash investments and borrowing in the TCG's Treasury Management Policy.

All overdrafts and loans up to £250k must be approved by the Resources Committee and notified to the Board of the Corporation.

All such borrowings over £250k will be authorised by the Board of the Corporation and must receive the formal prior approval of the Education and Skills Funding Agency (ESFA), as required, in accordance with the Financial Memorandum.

Loan interest rates

The TCG currently has one loan of £6.0 million (2020: £6.2 million), which was originally taken out during 2008-09 to finance the Altrincham redevelopment project.

This loan, from Barclays Bank PLC, was initially at a variable rate but was fixed at 4.98% from March 2010. The rate increased to 6.73% in April 2018 following the merger with Stockport College. A further

Strategic Report and Report of the Governing body (continued)

increase in the fixed rate to 6.98% was instituted from 1 August 2020. Repayments will continue through to July 2036 with total capital and interest of £686k (2020: £680k) due to be paid in the year to 31 July 2021. Barclays bank have been very supportive of the Trafford College Group and agreed to amend the Loan Covenants to reflect the merger in May 2021.

Reserves

The TCG has no formal Reserves Policy but recognises the importance of reserves in the financial stability of any organisation and ensures that there are adequate reserves to support the TCG's core activities. The TCG has no restricted reserves. As at the balance sheet date the Income and Expenditure reserve stands at negative £5,125k (2020: negative £20,034k). The decrease in the deficit has been the result of an actuarial gain in the year of £5,390k (2020: actuarial loss of £14,784k) arising from changes in assumptions underlying the present value of the pension plan liabilities, in addition to a benefit of £7,791k gifted on merger.

PRINCIPAL RISKS AND UNCERTAINTIES

The TCG has well developed strategies for managing risk and strives to embed risk management in all that it does. Risk management processes are designed to protect its assets, reputation and financial stability. The Board of the Corporation has overall responsibility for risk management and its approach to managing risks and internal controls is explained in the Statement on Corporate Governance.

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

The main risk factors affecting the TCG are outlined below along with the action taken to minimise them. Not all the factors are within the TCG's control. Other factors besides those listed below may also adversely affect the TCG.

1 Government Funding

The TCG has relied considerably on continued government funding through the further education sector funding bodies and through OfS. In 2021, circa 91% of the TCG's revenue (excluding the release of capital grants and gift of net assets on merger) was ultimately publicly funded. This level of requirement is expected to continue. There can be no assurance that Government Policy or practice will remain the same or that public funding will continue at the same levels or on the same terms.

The TCG is aware of several issues which may impact on future funding;

- changes in national funding rates;
- changes in the methods of calculating funding;
- conditionality of funding in respect of English and Maths;
- changes to the Apprenticeship funding methodology ;
- Government policy on Higher Technical Qualifications and T-levels; and
- changes as a result of devolved powers to the City Region.

Strategic Report and Report of the Governing body (continued)

This risk is mitigated in a number of ways;

- funding is derived through a number of direct and indirect contracts and sub-contracting arrangements;
- the TCG is rigorous in delivering high quality education and training that meets the needs of the Combined Authority;
- the Executive Leadership Team is regularly in dialogue with senior officials at the funding agencies;
- the TCG has actively invested in its Apprenticeship delivery in recognition of the opportunities and risks arising from the Apprenticeship reforms, being awarded a College Collaboration Fund (CCF) grant to commence work in September 2021 in collaboration with Gateshead College and New College Durham to trial and disseminate methods to improve quality and learner journey for Apprenticeship learners; and
- the TCG is one of the early adopters of T-level programmes, with delivery from September 2021.

2 Maintain adequate funding of pension liabilities

A number of the TCG's employees are included in the Local Government Pension Scheme, a defined benefit scheme which is accounted for under FRS 102. Under this standard the TCG is required to carry out a valuation of the assets and liabilities of the scheme on an annual basis. The TCG uses the services of a professional actuary to carry out a valuation of the pension fund. The financial statements report the TCG's share of the pension scheme deficit on the balance sheet in line with the requirements of FRS 102. The Teacher's Pension Scheme (TPS), is similarly a defined benefit scheme, but given the scale of the scheme the portion attributable to TCG is not able to be discerned.

Formal valuations of each fund are carried out every three years. Following the Trafford College valuation of the LGPS at 31 March 2016 of £4,281k the College's contribution rate was increased from 18.7% to 23.8% for the three year period ending 31 March 2020. However, the scheme deficit of £11,288k related to Stockport College was transferred into the Trafford College scheme at point of merger in April 2018, with the contribution rate at Stockport College being 21.9%. Therefore, a blended contribution rate of 22.9% was applied from merger across the Group. From April 2020 the rate was increased to 23.8% following the 31 March 2019 triennial valuation. The merger with Cheadle and Marple Sixth Form College (CAMSFC) has seen a further deficit of £5,424k transfer into the Group scheme. CAMSFC contribution rate was also 23.8%, so this rate is set to continue through to 31 March 2023.

3 Failure to maintain financial viability of the TCG

The continuing challenge to the TCG financial position remains the constraint on FE funding arising from ongoing cuts in public sector spending whilst maintaining the student experience and supporting increasing costs. A number of risks were identified and these included:

- Achievement of budget target for 16-18 learners;
- Achievement of budget target for apprenticeships income;
- Achievement of Adult Education Budget allocations;
- Maintaining adequate cash balances; and

Strategic Report and Report of the Governing body (continued)

- Failure to ensure that staff costs (excluding FRS 102 pension adjustments) be no more than 65% of income.

These risks are mitigated in a number of ways:

- by rigorous budget setting;
- regular in year budget monitoring and forecasting;
- robust financial controls;
- managing cashflows to meet estate development needs and
- exploring ongoing procurement efficiencies.

4 Success of the merger with Cheadle and Marple Sixth Form College

The merger plan included a number of assumptions regarding savings and efficiencies which, if not achieved, could adversely impact on the TCG financial performance. Significant capital funds are planned to be expended at each the Cheadle and Marple campuses to ensure that they are fit for purpose and present a welcoming delivery environment for learners, the uncertainty of funds to support these proposals, presents risk to achievement of these goals. Mitigations are undertaken as follows:

- a strategic operations group oversees the delivery of the post-merger integration plan;
- a strategy property working group oversees all substantial capital programmes; and
- a regular dialogue/liaison with the Provider Market Oversight Unit of the ESFA to ensure that plans are kept on track and key actions delivered.

5 Impact of Covid-19

The uncertainty and destabilisation created by the Covid-19 pandemic and its lasting impacts creates several risks, which include:

- Ability to maintain safe systems delivery to continue high quality learning and support to learners;
- Lower learner numbers, particularly in Adult Education, Higher Education and Apprenticeships, with uncertainty over the pace of recovery to pre-pandemic numbers;
- Continued safe working practices for staff and robust support and development links to ensure staff wellbeing and professional development; and
- Lower commercial income, as outlets of the TCG remained closed throughout 2021, but could face further closure depending on Government imposed measures.

These risks are mitigated in a number of ways:

- the TCG uses its Business Continuity plans to actively support the learners of the College and to ensure that quality delivery will be maintained. Through 2021, where appropriate a blended learning approach was used to support learner safety and outcomes. The 2022 year sees learners return in full to total in-person delivery, but with additional safety precautions and rigorous risk assessments undertaken to maintain a healthy and effective learning environment;
- ongoing review of student numbers and cost base to ensure efficient delivery of provision; and
- enhanced staff wellbeing programme to support its staff.

Strategic Report and Report of the Governing body (continued)

KEY PERFORMANCE INDICATORS

To support the delivery of the Corporate Plan, the Leadership Team develops an annual plan with SMART (specific, measurable, achievable, realistic, time bound) targets that are measured on a quarterly basis and reported to the Corporation. The table below identifies the TCG targets for the year 2021 and monitoring reports are presented to the Board meetings on a quarterly basis.

KPI	Target 2021	Actual 2021
FINANCE		
ESFA financial health*	Good	Outstanding
Cash balance at year end	£5,745k	£16,189k
Staff costs ratio	65%	64%
LEARNER NUMBERS		
ESFA 16-18 funded learners	5,088	5,215
HE learner numbers (OFS)	451	398
CURRICULUM		
16-18 achievement rate		81.7%
19+ achievement rate		84.7%
16-18 retention rate		87.9%
19+ retention rate		91.3%
16-18 apprenticeship achievement rate		58.1%
19-23 apprenticeship achievement rate		65.2%
24+ apprenticeship achievement rate		70.5%

*Per ESFA Financial Health grading calculation

The KPI's are considered by the Board. HE learner numbers were less than expected. This was impacted by Covid-19, but all variances are discussed, and improvement plans are put in place where necessary. The learner numbers, achievement and retention figures represent the combined results for the College Group following the merger of The Trafford College Group with Cheadle and Marple Sixth Form College.

Achievement rates

Achievement rates for each year are typically reported in December and are reflected in the table below. However, this is subject to a final reconciliation, with learners continuing to complete their studies and as such these figures will continue to increase. Reported performance overall is consistent with the prior year, however 16-18 classroom-based provision is improved on 2019-20, partly due to the national changes that have taken place in the marking of qualifications for 2020-21 as a result of Covid-19.

Nationally, apprentices have seen an increased volume of breaks in learning, with delayed assessments, as a result of Covid-19. This has delayed the release of results for apprentices who have completed their studies with The Trafford College Group, thus affecting achievement rates to date.

Classroom Based Provision	2019	2020	2021
16 – 18 Learners	85%	87%	82%
19+ Learners	91%	90%	85%
All Ages	89%	89%	83%

Strategic Report and Report of the Governing body (continued)

Overall Apprenticeship Provision	2019	2020	2021
16 – 18 Learners	71%	64%	58%
19 – 23 Learners	72%	70%	65%
24+ Learners	68%	65%	71%
All Ages	70%	65%	65%

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%.

During the accounting period 1 August 2020 to 31 July 2021, the TCG has adhered to its standard terms being payment within 30 days. Where suppliers are not paid within 30 days, this is usually due to invoices in dispute or invoices which are issued in advance of goods or services. The TCG incurred no interest charges in respect of late payment for this period.

EQUALITY AND DIVERSITY

Equality

The TCG is committed to providing an environment that promotes equality for all and celebrates the diverse community. Everyone is valued equally at the TCG.

At TCG we do not treat anyone less favourably on the basis of sex, disability, race/ethnicity, sexual orientation, age, religion/faith/belief, gender reassignment, pregnancy/maternity or marriage/civil partnership status. These are protected characteristics as defined in the Equality Act 2010. The TCG expects all staff, students, visitors and on-site contractors to do the same. 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 TCG's Equality and Diversity Policy is available on the website.

The TCG publishes an Annual Equality Report and Equality Objectives to ensure compliance with all relevant equality legislation including the Equality Act 2010. The TCG 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 TCG is a 'Positive about Disabled' employer and has committed to the principles and objectives of the Positive about Disabled standard. The TCG 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 TCG continues. The TCG'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.

Gender pay gap reporting

The TCG publishes gender pay gap information on its website.

Strategic Report and Report of the Governing body (continued)

Disability statement

The TCG seeks to achieve the objectives set down in the Equality Act 2010 and in particular makes the following commitments:

- Significant investment has been made to make the TCG sites accessible for people with a disability;
- There is a list of special equipment, such as lighting and audio facilities, which can be made available for use by students;
- The TCG employs a number of learning facilitators to support students with learning difficulties and/or disabilities. There is a programme of staff development to ensure the provision of a high level of appropriate support for students who have learning difficulties and/or disabilities;
- Counselling and welfare services are available for learners; and
- The Admissions Policy for all students is described in the TCG charter. Appeals against a decision not to offer a place are dealt with under the Complaints Policy.

The Assistant Principal - Student Experience and Support has overall strategic responsibility for the implementation of Special Educational Needs (SEN). The SEN policy addresses the TCG's responsibilities from the Children's and Families Act 2014 and the SEN Code of Practice. The TCG employs Educational Health Care Coordinators who are responsible for the operation of the SEN policy and co-ordination of learner support needs and Support Coordinators with specialist responsibility to support learners within Progressive Curriculum provision.

Trade Union facility time

The Trade Union (Facility Time Publication Requirements) Regulations 2017 require the college to publish information on facility time arrangements for trade union officials at the college.

	2021	2020
Numbers of employees who were relevant period	8	7
FTE employee number	7.9	6.5

Percentage of time	2021	2020
0%	-	-
1-50%	8	7
51-99%	-	-
100%	-	-

	2021	2020
Total cost of facility time	£11,384	£13,239
Total pay bill	£20,527,865	£20,459,721
Percentage of total bill spent on facility time	0.06%	0.06%
Time spent on paid trade union activities as a percentage of total paid facility time	100%	100%

Strategic Report and Report of the Governing body (continued)

GOING CONCERN

After making appropriate enquiries, the Corporation considers that the TCG has adequate resources to continue in operational existence for the foreseeable future. Our scenario planning process models through the impact to the Financial Health Grading as well as our banking covenants.

The TCG primarily meets its day-to-day working capital requirements through cash generated from its day-to-day activities. The TCG is funding over £5m of its contribution to the redevelopment of Stockport Campus through the disposal of land that took place in April 2021.

The TCG currently has one loan of £6.0m outstanding at 31 July 2021 with Barclays Bank, with current annual payments of £674k (principal plus interest) ending in 2036. The loan with Barclays includes a number of covenants. The TCG's forecasts and financial projections indicate that it will be able to operate within this existing facility and covenants for the foreseeable future.

In response to Covid-19 the TCG is operating plans to ensure it continues to operate and provide learners with an outstanding education experience with excellent qualification outcomes. The TCG has modelled a number of financial scenarios taking the potential future impact of Covid-19 into account and the TCG's financial projections and mitigations indicate that the TCG has adequate resources to continue in operational existence for the foreseeable future.

The risks established by the new Health and Social Care Levy via increased National Insurance contributions have been considered in scenario planning, to confirm the adequacy of resources and to update forecasts for these costs. Other scenarios included an under delivery of AEB, apprenticeships and the tuition fund.

Accordingly, the TCG has a reasonable expectation that it has adequate resources to continue in operational existence for the foreseeable future, being a period of not less than 12 months from the date of approval of the financial statements, and for this reason will continue to adopt the going concern basis in the preparation of its Financial Statements.

POST BALANCE SHEET EVENTS

There are no post balance sheet events.

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 Corporation'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 Corporation's auditors are aware of that information.

Approved by order of the Members of the Board of the Corporation and signed on its behalf by:

Graham Luccock

Graham Luccock
Chair

Date: 16 December 2021

Statement of Corporate Governance and Internal Control

GOVERNANCE CODE

The following statement is provided to enable readers of the annual report and accounts of the TCG to obtain a better understanding of its governance and legal structure. This statement covers the period from 1 August 2020 to 31 July 2021 and up to the date of approval of the annual report and financial statements.

The College endeavours to conduct its business:

- i) in accordance with the seven principles identified by the Committee on Standards in Public Life (selflessness, integrity, objectivity, accountability, openness, honesty and leadership);
- ii) in accordance with the guidance to colleges from the Association of Colleges in The Code of Good Governance for English Colleges (“the Code”);
- iii) in accordance with the Committee of Universities Chairs’ Higher Education Code of Governance.

In the opinion of the Governors, the TCG substantially complies with all the provisions of the Code, and it has complied throughout the year ended 31 July 2021. An Internal Audit into the TCG’s Governance arrangements was undertaken by BDO in 2019. The Auditor’s opinion arising from the review was that the Board of the Corporation could take Substantial Assurance for both the Design of Controls and Operational Effectiveness of its Governance Arrangements. The Governing Body recognises that, as a body entrusted with both public and private funds, it has a particular duty to observe the highest standards of corporate governance at all times. In carrying out its responsibilities, it takes full account of The Code of Good Governance for English Colleges, issued by the Association of Colleges in March 2015, which it formally adopted in September 2015.

The Universities Chairs’ Higher Education Code of Governance was formally adopted in December 2020.

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

THE CORPORATION

Members of the corporation

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

	Date Appointed	Term of Office	Status of Appointment	Committees served	Corporation meeting % attendance
James Scott	01-Aug-20	n/a	Active	FE Curriculum & Quality; HE Curriculum & Quality; Resources; Search.	100
Graham Luccock Chairperson of the Board of Governors	05-Apr-18	31-Mar-23	Active	Chairperson of Search; Resources; FE Curriculum & Quality; HE Curriculum & Quality.	100

Statement of Corporate Governance and Internal Control (continued)

	Date Appointed	Term of Office	Status of Appointment	Committees served	Corporation meeting % attendance
Kurt Allman	05-Apr-18	31-Dec-21	Active	HE Curriculum & Quality; FE Curriculum & Quality.	70
Leanne Arch	14-Oct-20	21-Jul-21	Completed Course	HE Curriculum & Quality.	0
James Beazley	05-Apr-18	28-Mar-23	Active	Remuneration; Resources.	100
Jill Bottomley	07-Jan-19	07-Jan-24	Active	Chairperson of Remuneration; Resources.	100
Glynis Brown	05-Apr-18	28-Mar-21	Sabbatical	FE Curriculum & Quality.	n/a
Glad Capewell	05-Apr-18	28-Mar-22	Active	FE Curriculum & Quality.	100
Sue Derbyshire	05-Apr-18	28-Mar-22	Active	Resources; FE Curriculum & Quality.	100
Sarah Drake	05-Apr-18	31-Aug-23	Active	Chairperson of FE Curriculum & Quality; HE Curriculum & Quality; Remuneration.	90
Colette Fagan	04-Nov-19	04-Nov-24	Active	Chairperson HE; Curriculum & Quality; FE Curriculum & Quality.	70
Janet Grant	05-Apr-18	05-May-22	Active	Chairperson of Resources.	90
Jed Hassid	05-Apr-18	31-Dec-21	Active	Chairperson of Audit.	90
Tony Healy	06-Nov-19	10-Sep-20	Resigned	Audit Committee.	0
Alison Hewitt	04-May-21	04-May-25	Active	Resources; Remuneration.	100
Heather Lang	04-Jan-21	04-Jan-25	Active	Audit Committee.	100
Joaquin Llorente	07-Jan-19	28-Sep-20	Resigned	FE Curriculum & Quality.	0
Esha Mumtaz	14-Oct-20	21-Jul-21	Completed Course	FE Curriculum & Quality.	50
Ayodele Oyebo	04-Jan-21	04-Jan-25	Active	Resources Committee.	100
Louise Richardson	05-Apr-18	31-Dec-21	Active	Search; Remuneration; Resources; Audit.	90
Guy Robson	23-May-18	15-Dec-20	Retired	Chair of Resources; Remuneration; Search.	100
Ian Ruff	23-Apr-14	21-Jul-21	Sabbatical/ Resigned	FE Curriculum & Quality; Audit.	n/a
Sattar Shakoor	25-Mar-21	25-Mar-25	Active	FE Curriculum & Quality.	0
Lina Tsui-Cheung	04-May-21	04-May-25	Active	Audit.	100
Sabine Van der Veer	04-Jan-21	04-Jan-25	Active	Resources Committee.	67
Jeremy Woodside	04-Nov-19	04-Nov-24	Active	Resources Committee.	90

THE GOVERNANCE FRAMEWORK

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

The attendance of Board members has been considered by the Board of the Corporation and targets had been established for the financial year 2020 and 2021.

Statement of Corporate Governance and Internal Control (continued)

The Board of the Corporation is provided with regular and timely information on the overall financial performance of the TCG 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 the Corporation meets between 6 times a year and on a termly basis as a minimum.

The Board of the Corporation conducts its business through a number of Committees. Each committee has terms of reference, which have been approved by the Board of the Corporation. These Committees are; Resources, Remuneration, Search, Audit, Further Education (FE) Curriculum & Quality and Higher Education (HE) Curriculum & Quality. Full minutes of all meetings except those deemed to be confidential by the Board of the Corporation, are available on the College websites. The Board of the Corporation also has a Strategic Property Working Group to oversee any Capital Projects or building redevelopments whose Terms of Reference are also approved by the Board of the Corporation.

The Corporation Secretary maintains a register of financial and personal interests of Governors. The register is available for inspection on request from the Corporation Secretary at Wellington Road South, Stockport, SK1 3UQ

All governors are able to take independent professional advice in furtherance of their duties at the TCG's expense and have access to the Corporation 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 Corporation Secretary are matters for the Board of Corporation as a whole.

Formal agendas, papers and reports are supplied to Governors in a timely manner, prior to Board meetings. Training and briefings are also provided to Board members on a regular basis.

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

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

With effect from the commencement of lockdown in March 2020, the Board of the Corporation operated its Governance Framework through Microsoft Teams and business as usual was maintained.

Following the issuance of PPN 02/20 and subsequently PPN 04/20 the TCG reviewed each of the contracts it held and took appropriate action. For the key contracts that TCG held where services were impacted by the coronavirus outbreak, the TCG worked with suppliers to ensure continuity of supply adhering to Covid-19 related restrictions whilst ensuring that value for money principles were maintained.

APPOINTMENTS TO THE CORPORATION

Any new member appointments to the Board of the Corporation are a matter for the consideration of the Board of the Corporation as a whole. The Board of the Corporation has a Search Committee, consisting of the Chair of the Corporation, the Principal and Chief Executive, three independent

Statement of Corporate Governance and Internal Control (continued)

external appointments and one other member of the Board of the Corporation. The Committee is responsible for the selection and nomination of any new member for the Board of the Corporation's consideration through the Governors' Appointment Panel. The Board of the Corporation is responsible for ensuring that appropriate induction mentoring and appropriate training is provided to all new appointments.

Members of the Board of the Corporation are appointed for an initial term of office not exceeding four years. All members of the Board of the Corporation are required to reapply for membership after the expiry of their term of office. This requires them to go through the same rigorous appointment process as and against external candidates. All appointments made by the Board of the Corporation including reappointments are based on merit and take into account appropriate skills and composite requirements.

BOARD OF THE CORPORATION PERFORMANCE

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

TRANSITION BOARD

The Board of the Corporation of TCG established a Transition Board to oversee and direct the process for the investigation of the Type B merger of the Cheadle and Marple Sixth Form College and The Trafford College Group with the view to the establishment of a merged entity, subject to due diligence.

The Transition Board comprised 11 members as follows:

- 4 Independent members from each Board of the Corporation determined by the "home" Boards.
- The Chairperson of The Trafford College Group.
- The Principal and Chief Executive Officer of The Trafford College Group
- The Acting Principal of CAMSFC

The Transition Board concluded its tasks with the successful Type B merger of the two entities on 4 May 2021.

REMUNERATION COMMITTEE

Throughout the year ending 31 July 2021 the College's Remuneration Committee comprised the Chair of the Corporation and four other members of the Board of the Corporation. The Chair of the Committee is an independent member who is not the Chair of the Board of the Corporation. The Committee's responsibilities are to make recommendations to the Board of the Corporation on the remuneration and benefits of the Accounting Officer and other key management personnel.

The Board of the Corporation on the advice of the Remuneration Committee adopted the Association of College's Senior Post Holder Remuneration Code in December 2018. The Senior Post Holders' Remuneration Policy ensures that the Board of the Corporation complies with the requirements of the AoC Code. The annual report of the Remuneration Committee details adherence to the Code.

Statement of Corporate Governance and Internal Control (continued)

Details of remuneration for the year ended 31 July 2021 are set out in note 9 to the Financial Statements.

AUDIT COMMITTEE

The Audit Committee comprises three members of the Board of the Corporation (excluding the Principal and the Chairperson) and three externally co-opted financial, audit and risk specialists. The Committee operates in accordance with written terms of reference approved by the Board of the Corporation.

The Audit Committee meets at least termly and provides a forum for reporting by the College's internal, financial statements and regularity auditors, who have access to the Committee for independent discussion. The Committee also receives and considers reports from the main further education funding bodies as they affect the TCG's business.

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

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

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

The Audit Committee met five times in the year to 31 July 2021. The members of the committee and their attendance records are shown below:

Committee member	Meetings attended (5)
Jed Hassid	100%
Lina Tsui-Cheung	100%
Heather Lang	100%
Brian Bradley	80%
Ian Duncan	100%
Dawn Cole	60%

RESOURCES COMMITTEE

The Resources Committee comprises 10 members of the Board of the Corporation. The Committee operates in accordance with written terms of reference approved by the Corporation.

The Resources Committee meets five times per year and considers all issues relating to Finance, Accommodation, Information Technology and Human Resources.

Statement of Corporate Governance and Internal Control (continued)

FURTHER EDUCATION CURRICULUM AND QUALITY COMMITTEE

The Further Education Curriculum & Quality Committee comprises 11 members of the Board of the Corporation. The Committee operates in accordance with written terms of reference approved by the Board of the Corporation.

The Further Education Curriculum & Quality Committee meets three times per year and considers all issues relating to curriculum and quality of education matters.

HIGHER EDUCATION CURRICULUM AND QUALITY COMMITTEE

The Higher Education Curriculum & Quality Committee comprises 7 members of the Board of the Corporation. The Committee operates in accordance with written terms of reference approved by the Board of the Corporation.

The Higher Education Curriculum & Quality Committee meets three times per year and considers all issues relating to curriculum and quality of education matters. This includes review of OfS compliance with ongoing conditions of registration, terms and conditions of funding and other regulatory responsibilities.

SEARCH COMMITTEE

The Search Committee comprises 3 members of the Board of the Corporation and 3 externally co-opted specialists. The Committee operates in accordance with written terms of reference approved by the Board of the Corporation.

The Search Committee meets normally twice per year and considers all issues relating to recruitment and appointments to the Board of the Corporation.

INTERNAL CONTROL

Scope of responsibility

The Board of the Corporation is ultimately responsible for the TCG'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 the Corporation has delegated the day-to-day responsibility to the Principal, as Accounting Officer, for maintaining a sound system of internal control that supports the achievement of the College's policies, aims and objectives, whilst safeguarding the public funds and assets for which they are personally responsible, in accordance with the responsibilities assigned to them in the Funding Agreement between the College and the funding bodies. The Principal is also responsible for reporting to the Board of the Corporation any material weaknesses or breakdowns in internal control.

The purpose of the system of internal control

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 College for the year ended 31 July 2021 and up to the date of approval of the annual report and accounts.

Statement of Corporate Governance and Internal Control (continued)

Capacity to handle risk

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

The risk and control framework

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

- comprehensive budgeting systems with an annual budget, which is reviewed and agreed by the governing body
- regular reviews by the governing body of periodic and annual financial reports which indicate financial performance against forecasts
- setting targets to measure financial and other performance
- clearly defined capital investment control guidelines
- the adoption of formal project management disciplines, where appropriate.

The TCG has an internal audit service, which operates in accordance with the requirements of the ESFA's *Post 16 Audit Code of Practice*. The work of the internal audit service is informed by an analysis of the risks to which the College is exposed, and annual internal audit plans are based on this analysis. The analysis of risks and the internal audit plans are endorsed by the Board of the Corporation on the recommendation of the audit committee. At minimum, annually, the Internal Auditors to the College provide the governing body with a report on internal audit activity in the College. The report includes the Internal Auditors' independent opinion on the adequacy and effectiveness of the College's system of risk management, controls and governance processes.

Risks faced by the Corporation

The TCG has well developed strategies for managing risk and strives to embed risk management in all that it does. Risk management processes are designed to protect its assets, reputation and financial stability. The Governing Body has overall responsibility for risk management and its approach to managing risks and internal controls is explained in the Statement of Corporate Governance.

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

The principal risks as set out in the Principal Risks and Uncertainties section of the Governors' Report relate to government funding, demographic trends, pension liabilities, financial viability, successful merger with Cheadle and Marple Sixth Form College and the impact of Covid-19. The mitigations for each specific risk are set out in the Principal Risks and Uncertainties section of the Governors' Report.

Statement of Corporate Governance and Internal Control (continued)

Control weaknesses identified

Each year the internal auditors carry out a number of audits and make recommendations for improvements. In order to address the risks identified improvement actions are put in place by the TCG. The internal auditors subsequently complete follow up audits to confirm that the actions agreed for implementation by management have been undertaken and are operational. Of the internal audits undertaken in the year all internal audits where an opinion is provided concluded at least moderate design and operational effectiveness of controls in place. However, there were two high significance recommendations, 13 of moderate significance and 13 of low significance, to propose improvements to controls currently in place, which have all been accepted by management.

The report concluded that based on the assurance reviews undertaken, the follow-up audits completed during the period, and in the context of materiality:

- the risk management activities and controls in the areas which we examined were found to be suitably designed to achieve the specific risk management, control and governance arrangements; and
- based on sample testing, the risk management, control and governance arrangements were operating with sufficient effectiveness to provide reasonable assurance that the related risk management, control and governance objectives were achieved during the period under review.

The Audit Committee is satisfied that the actions taken are sufficient to address the control weaknesses identified. The Audit Committee reports regularly to the Board of the Corporation on actions and progress.

Responsibilities under funding agreements

The TCG has met its contractual obligations with regards to both 16-18 and adult funding, and also with regards to its Greater Manchester Combined Authority and the Office for Students requirements. This has been achieved through managing and utilising funds in line with the applicable funding rules and guidance and compliance with reporting responsibilities to funders.

Regularity and propriety

The TCG financial, governance and risk management procedures hold due regard to the concepts of regularity and propriety, to ensure the regularity and proper use of public funds.

STATEMENT FROM THE AUDIT COMMITTEE

The Audit Committee has advised the Board of Governors that the Corporation has an effective framework for governance and risk management in place. The audit committee believes the corporation has effective internal controls in place.

The specific areas of work undertaken by the Audit Committee in 2020-21 and up to the date of the approval of the financial statements are:

- Learner Records (AEB) Moderate Design & Moderate Operation Effectiveness - Recommended to Board for approval
- Remote Learning: Operations and Quality Moderate Design & Moderate Operation Effectiveness - Recommended to Board for approval

Statement of Corporate Governance and Internal Control (continued)

- Treasury and Cash Flow Management: Substantial Design and Substantial Operation Effectiveness - Recommended to Board for approval
- Project Management: Capital Projects - Moderate Design and Substantial Operation Effectiveness - Recommended to Board for approval
- Introduction of T Levels: Curriculum and Resources Planning -Substantial Design and Moderate Operation Effectiveness - Recommended to Board for approval
- Sub-Contracting - Advisory only - No significant issues
- Learners Records Covid Completers - Advisory only - No significant issues
- Follow Up Phase 1 and 2 - Advisory only - No significant issues.
- Data Protection Action Plan Review - No significant issues.
- Merger Risk Register - No significant issues.
- Data Protection Policy 2021-2023 - Recommended to Board for approval.
- Draft Report and Financial Statements for CAMSFC to 3 May 2021 - Recommended to Board for approval.
- Implementation of Post 16 Audit Code of Practice 2020/2021 - Implementation actions agreed.
- ESFA Assurance Review -16-19 Support Bursary and Free School Meals 2019/2020 - Recommended to Board for approval.
- Anti-Fraud, Theft, Bribery and Corruption Policy 2021-2023 - Recommended to Board for approval.
- Annual Value for Money Report 2020/2021 - No significant issues.
- External Audit Plan 2020/2021 - Recommended to Board for approval.
- Annual Internal Audit Plan 2021/2022 - Recommended to Board for approval.
- Annual Internal Audit Report 2020/2021 - Recommended to Board for approval.
- MIS Audits: GMCA and Pre-Merger - Recommended to Board for approval.
- Board Assurance and Risk Management Policy 2021-2024 - Recommended to Board for approval.
- Board Assurance and Risk Management Framework inc. Covid-19 Risk log - No significant issues.
- Draft report and Financial Statements year ending 31 July 21 including Going Concern, Impairment Review, Pension Scheme Valuation - Recommended to Board for approval

The internal audit procedures of the Corporation were not unduly delayed or altered in response to the Covid-19 outbreak, maintaining continuity of the control framework.

REVIEW OF EFFECTIVENESS

As Accounting Officer, the Principal has responsibility for reviewing the effectiveness of the system of internal control. The 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 TCG who have responsibility for the development and maintenance of the internal control framework; and
- comments made by the TCG's financial statements auditors, the reporting accountant for regularity assurance, the appointed funding auditors in their management letters and other reports.

Statement of Corporate Governance and Internal Control (continued)

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

The Principal and Executive Leadership Team receives reports setting out key performance and risk indicators and considers possible control issues brought to their attention by early warning mechanisms, which are embedded within the departments and reinforced by risk awareness training. The 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 the Corporation's 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. At its 15 December 2021 meeting, the Board of the Corporation carried out the annual assessment for the year ended 31 July 2021 by considering documentation from the senior management team and internal audit and taking account of events since 31 July 2021.

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

Approved by order of the Members of the Board of the Corporation and signed on its behalf by:

Graham Luccock

Graham Luccock
Chair

Date: 16 December 2021

James Scott

James Scott
Principal and Chief Executive Officer

Date: 16 December 2021

Statement of Regularity, Propriety and Compliance

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

We confirm on behalf of the Board 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 Board of the Corporation, or material non-compliance with the terms and conditions of funding, under the Board of the Corporation's grant funding agreements and contracts with the ESFA, or any other public funder.

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

Approved by order of the Members of the Board of the Corporation and signed on its behalf by:

Graham Luccock

Graham Luccock
Chair

Date: 16 December 2021

James Scott

James Scott
Principal and Chief Executive Officer

Date: 16 December 2021

Statement of Responsibilities of the Members of the Corporation

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

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

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

- select suitable accounting policies and apply them consistently;
- make judgements and estimates that are reasonable and prudent;
- state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements;
- assess whether the Board of the Corporation is a going concern, noting the key supporting assumptions qualifications or mitigating actions as appropriate; and
- prepare financial statements on the going concern basis, unless it is inappropriate to assume that the college will continue in operation.

The Board of the Corporation is also required to prepare a Members' Report which describes what it is trying to do and how it is going about it, including information about the legal and administrative status of the Board of the Corporation.

The Board of the Corporation is responsible for keeping proper accounting records which disclose, with reasonable accuracy at any time, the financial position of the college and which enable it to ensure that the financial statements are prepared in accordance with relevant legislation including the Further and Higher Education Act 1992 and Charities Act 2011, and relevant accounting standards. It is responsible for taking steps that are reasonably open to it to safeguard its assets and to prevent and detect fraud and other irregularities.

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

Members of the Board of the Corporation are responsible for ensuring that expenditure and income are applied for the purposes intended by Parliament and that the financial transactions conform to the authorities that govern them. In addition, they are responsible for ensuring that funds from the ESFA and any other public funds are used only in accordance with the ESFA's grant funding agreements and contracts and any other conditions that may be prescribed from time to time by the ESFA or any other public funder. Members of the Board of the Corporation must ensure that there are appropriate financial and management controls in place to safeguard public and other funds and ensure they are

Statement of Responsibilities of the Members of the Corporation (continued)

used properly. In addition, members of the Board of the Corporation are responsible for securing economical, efficient and effective management of the Board of the Corporation's resources and expenditure so that the benefits that should be derived from the application of public funds from the ESFA and other public bodies are not put at risk.

Approved by order of the Members of the Board of the Corporation and signed on its behalf by:

Graham Luccock

Graham Luccock
Chair

Date: 16 December 2021

Independent Auditor’s Report on the Financial Statements

Opinion

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

In our opinion, the financial statements:

- give a true and fair view of the state of the corporation's affairs as at 31 July 2021 and of its deficit of income over expenditure for the year then ended; and
- have been prepared in accordance with United Kingdom Generally Accepted Accounting Practice and the Statement of Recommended Practice – Accounting for Further and Higher Education issued in October 2018 and any subsequent amendments.

Basis for opinion

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

Conclusions relating to going concern

We are responsible for concluding on the appropriateness of the Members of the Corporation’s use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the corporation’s ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify the auditor’s opinion. Our conclusions are based on the audit evidence obtained up to the date of our report. However, future events or conditions may cause the corporation to cease to continue as a going concern.

In our evaluation of the Members of the Corporation’s conclusions, we considered the inherent risks associated with the corporation’s business model including effects arising from macro-economic uncertainties such as Brexit and Covid-19, we assessed and challenged the reasonableness of estimates made by the Members of the Corporation and the related disclosures and analysed how those risks might affect the corporation’s financial resources or ability to continue operations over the going concern period.

Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the corporation’s

Independent Auditor's Report on the Financial Statements (continued)

ability to continue as a going concern for a period of at least twelve months from when the financial statements are authorised for issue.

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

The responsibilities of the Members of the Corporation with respect to going concern are described in the 'Responsibilities of the Members of the Corporation for the financial statements' section of this report.

Other information

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

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether there is a material misstatement in the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

Opinion on other matters prescribed by the Office for Students ('OfS') accounts direction (issued October 2019)

In our opinion, in all material respects:

- funds from whatever source administered by the corporation for specific purposes have been properly applied to those purposes and managed in accordance with the relevant legislation;
- funds provided by the OfS, UK Research and Innovation (including Research England), the Education & Skills Funding Agency and the Department for Education have been applied in accordance with the relevant terms and conditions, and any other terms and conditions attached to them, and
- the requirements of the OfS accounts direction (issued October 2019) have been met.

Independent Auditor's Report on the Financial Statements (continued)

Matters on which we are required to report by exception

We have nothing to report in respect of the following matters where the Post-16 Audit Code of Practice 2020 to 2021 issued by the Education & Skills Funding Agency requires us to report to you if, in our opinion:

- the corporation has not kept adequate accounting records; or
- the corporation's annual accounts are not in agreement with the accounting records; or
- we have not received all the information and explanations we require for our audit.

We have nothing to report in respect of the following matters where the OfS accounts direction (issued October 2019) requires us to report to you where:

- the corporation's grant and fee income, as disclosed in the note to the accounts, has been materially misstated; or
- the corporation's expenditure on access and participation activities for the financial year, as disclosed in the note to the accounts, has been materially misstated.

Responsibilities of the Members of the Corporation for the financial statements

As explained more fully in the statement of responsibilities of the Members of the Corporation set out on pages 30 to 31, the Members of the Corporation are responsible for the preparation of financial statements and for being satisfied that they give a true and fair view, and for such internal control as the Members of the Corporation determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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

Auditor's responsibilities for the audit of the financial statements

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

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

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined below, to detect material misstatements in respect of irregularities, including fraud. Owing to the inherent limitations of an audit, there is an unavoidable risk that material misstatements in the financial statements may not be detected, even

Independent Auditor's Report on the Financial Statements (continued)

though the audit is properly planned and performed in accordance with the ISAs (UK). The extent to which our procedures are capable of detecting irregularities, including fraud, is detailed below:

- We obtained an understanding of the legal and regularity frameworks applicable to the corporation, and the industry in which it operates and determined those which may influence the financial statements. Given the nature of its operating activities, the Corporation is subject to several laws and regulations where the consequence of non-compliance could have a material effect on amounts or disclosures in the financial statements
- We determined that the following laws and regulations are the most significant which are directly relevant to specific assertions in the financial statements:
 - Those that relate to reporting frameworks being FRS 102, the Statement of Recommended Practice ("FEHE SORP (FRS 102)"), the ESFA College Accounts Direction 2020 to 2021, the ESFA Post 16 Audit Code of Practice 2020 to 2021, the OfS framework – Terms and Conditions of Funding 2020 to 2021, Accounting Direction October 2019 and other regulatory notices, Further and Higher Education Act 1992 and Apprenticeships, Skills, Children and Learning Act 2009.
 - Those that relate to the operational activities of the Corporation being instruments and articles of government, ESFA terms and conditions of funding as set out in the grant funding agreement and contracts with the ESFA, grant funding agreements, contracts with MCAs in respect of devolved adult education, health and safety regulations, data protection and the code of governance adopted by the College.
- We assessed the susceptibility of the corporation's financial statements to material misstatement, including how fraud may occur. We performed the following audit procedures to address the risks related to irregularities and fraud;
 - evaluation of the processes and controls in place to address the risks relates to irregularities and fraud;
 - challenge of the assumptions and judgements made by management in its significant accounting estimates;
 - review of performance targets and conditions to funding received and their propensity to influence efforts made by management to manage earnings;
 - review and testing of journal entries, in particular manual journal entries, relating to management estimates and journal entries impacting reported results for the year;
 - consideration of the potential for fraud in revenue recognition through manipulation of student numbers and/or student information;
 - identifying related parties and through our data interrogation tools performed a review for any related party transactions in the year not previously disclosed;
- These audit procedures were designed to provide reasonable assurance that the financial statements were free from fraud or error. The risk of not detecting a material misstatement due to fraud is higher than the risk of not detecting one resulting from error and detecting irregularities that result from fraud is inherently more difficult than detecting those that result from error, as fraud may involve collusion, deliberate concealment, forgery or intentional misrepresentations. Also, the further removed non-compliance with laws and regulations is

Independent Auditor's Report on the Financial Statements (continued)

from events and transactions reflected in the financial statements, the less likely we would become aware of it;

- We enquired of management, the compliance officer, the Audit and Risk Management Committee and the internal auditors whether there was any awareness of instances of non-compliance with laws and regulations or whether they had any knowledge of actual or suspected fraud. We corroborated the results of our enquiries to supporting documentation such as board minute and internal audit report reviews.
- In assessing the potential risks of material misstatement, we obtained an understanding of the corporation's operations, the applicable statutory provisions and business risks that may result in risk of material misstatement, and the corporation's control environment, including the adequacy of the procedures of authorisation of transactions.
- The engagement team's experience with similar engagements, their understanding and knowledge of the corporation's industry and their understanding of the industry and regulatory requirements were considered in assessing the appropriateness of the collective competence and capabilities of the engagement team.

No matters relating to non-compliance with laws and regulations or relating to fraud were identified in relation to the above-mentioned laws and regulations that were identified by us as most significant.

Use of our report

This report is made solely to the Members of the Corporation, as a body, in accordance with the terms of our engagement letter dated September 2021. Our audit work has been undertaken so that we might state to the Members of the 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 corporation and the Members of the Corporation as a body, for our audit work, for this report, or for the opinions we have formed.

Grant Thornton UK LLP

Grant Thornton UK LLP
Statutory Auditor, Chartered Accountants
Manchester
Date: 16 December 2021

Independent Reporting Accountant’s Report on Regularity

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

In accordance with the terms of our engagement letter dated September 2021 and further to the requirements and conditions of funding in the ESFA’s grant funding agreements and contracts, or those of any other public funder, we have carried out an engagement to obtain limited assurance about whether anything has come to our attention that would suggest, in all material respects, the expenditure disbursed and income received by The Trafford College Group during the period 1 August 2020 to 31 July 2021 have not been applied to the purposes identified by Parliament and the financial transactions do not conform to the authorities which govern them.

The framework that has been applied is set out in the Post-16 Audit Code of Practice (‘the Code’) issued by the ESFA and in any relevant conditions of funding concerning adult education notified by a relevant funder. In line with this framework, our work has specifically not considered income received from the main funding grants generated through the Individualised Learner Record data returns, for which the ESFA has other assurance arrangements in place.

Respective responsibilities of The Trafford College Group and the reporting accountant

The corporation of The Trafford College Group 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 are applied for the purposes intended by Parliament and the financial transactions conform to the authorities that govern them.

Our responsibilities for this engagement are established in the United Kingdom by our profession’s ethical guidance and are to obtain limited assurance and report in accordance with our engagement letter and the requirements of the Code. We report to you whether anything has come to our attention in carrying out our work which suggests that in all material respects, expenditure disbursed and income received, during the period 1 August 2020 to 31 July 2021 have not been applied to purposes intended by Parliament or that the financial transactions do not conform to the authorities which govern them.

Approach

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

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

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

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

The work undertaken to draw to our conclusion includes:

Independent Reporting Accountant’s Report on Regularity (continued)

- an assessment of the risk of material irregularity and impropriety across the college’s activities;
- evaluation of the processes and controls established and maintained in respect of regularity and propriety for the use of public funds through observation of the arrangements in place and enquiries of management;
- consideration and corroboration of the evidence supporting the Accounting Officer’s statement on regularity, propriety and compliance and that included in the self-assessment questionnaire (RSAQ); and
- limited testing, on a sample basis, of income and expenditure for the areas identified as high risk and included on the RSAQ.

Conclusion

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

Use of our report

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

Grant Thornton UK LLP

Grant Thornton UK LLP
Chartered Accountants
Manchester
Date: 16 December 2021

Statement of Comprehensive Income

	Notes	2021 £'000	2020 £'000
Income			
Funding body grants	2	33,764	29,000
Tuition fees and education contracts	3	4,528	4,729
Other grants and contracts	4	21	96
Other income	6	196	267
Endowment and investment income	7	1	25
Gift on transfer of net assets	28	7,791	-
Total income		46,301	34,117
Expenditure			
Staff costs	8	24,871	22,255
Restructuring costs	8	556	171
Other operating expenses	10	10,175	10,006
Depreciation	14	2,650	2,571
Interest and other finance costs	12	1,050	1,003
Total expenditure		39,302	36,006
Surplus / (deficit) before other gains and losses		6,999	(1,889)
Profit on disposal of assets	14	2,425	-
Surplus / (deficit) before tax		9,424	(1,889)
Taxation	13	-	-
Surplus / (deficit) for the year		9,424	(1,889)
Actuarial gain/(loss) in respect of pensions schemes	27	5,390	(14,784)
Total Comprehensive Income/(Expenditure) for the year		14,814	(16,673)
Represented by:			
Restricted comprehensive income		-	-
Unrestricted comprehensive income		14,814	(16,673)
		14,814	(16,673)

All items of income and expenditure relate to continuing activities.

The accompanying notes form part of these financial statements.

Statement of Changes in Reserves

	Income and Expenditure account	Revaluation reserve	Total
	£'000	£'000	£'000
As at 1 August 2019	(3,457)	2,428	(1,029)
(Deficit) from the income and expenditure account	(1,889)	-	(1,889)
Actuarial (loss) in respect of Local Government Pension Scheme	(14,784)	-	(14,784)
Total comprehensive expenditure for the year	(16,673)	-	(16,673)
Transfers between reserves	96	(96)	-
As at 1 August 2020	(20,034)	2,332	(17,702)
Surplus from the income and expenditure account	9,424	-	9,424
Actuarial gain in respect of Local Government Pension Scheme	5,390	-	5,390
Total comprehensive income for the year	14,814	-	14,814
Transfers between reserves	95	(95)	-
As at 31 July 2021	(5,125)	2,237	(2,888)

The accompanying notes form part of these financial statements.

Statement of Financial Position

	Notes	2021 £'000	2020 £'000
Non Current Assets			
Tangible fixed assets	14	90,848	66,378
		90,848	66,378
Current assets			
Trade and other receivables	15	2,977	1,320
Cash and cash equivalents	21	16,189	5,514
		19,166	6,834
Less: Creditors – amounts falling due within one year	16	(14,001)	(4,862)
Net current assets		5,165	1,972
Total assets less current liabilities		96,013	68,350
Less: Creditors – amounts falling due after more than one year	17	(52,943)	(42,451)
Provisions			
Defined benefit obligations	27	(44,742)	(42,356)
Other provisions	20	(1,216)	(1,245)
Total net liability		(2,888)	(17,702)
Unrestricted reserves			
Income and expenditure account		(5,125)	(20,034)
Revaluation reserve		2,237	2,332
Total reserves		(2,888)	(17,702)

The Financial Statements were approved and authorised for issue by the Members of the Board of the Corporation and signed on its behalf by:

Graham Luccock

James Scott

Graham Luccock
Chair

Date: 16 December 2021

James Scott
Principal and Chief Executive Officer

Date: 16 December 2021

The accompanying notes form part of these financial statements.

Statement of Cash Flows

	Notes	2021 £'000	2020 £'000
Cash inflow from operating activities			
Surplus/(deficit) for the year		9,424	(1,889)
Adjustment for non cash items			
Depreciation	14	2,650	2,571
Deferred capital grants released to income	2	(1,146)	(1,081)
(Increase) in debtors	15	(1,659)	(150)
Increase/(decrease) in creditors due within one year	16	3,116	(1,181)
(Decrease) in creditors due after one year	17	-	(21)
(Decrease) in provisions	20	(29)	(25)
Pensions costs less contributions payable	27	2,257	1,363
Adjustment for investing or financing activities			
Investment income	7	(1)	(25)
Interest payable	12	430	443
(Profit) on sale of fixed assets	14a	(2,425)	-
(Profit) recognised on merger	28	(7,791)	-
Net cash flow from operating activities		4,826	5
Cash flows from investing activities			
Proceeds from sale of fixed assets		4,729	-
Investment income	7	1	25
Payments made to acquire fixed assets	14	(9,995)	(1,919)
Deferred capital grants received		11,277	2,214
Transfer of cash on merger	28	543	-
Net cash flow from investing activities		6,555	320
Cash flows from financing activities			
Interest paid	12	(430)	(443)
Repayments of amounts borrowed		(276)	(248)
Net cash flows from financing activities		(706)	(691)
Increase / (decrease) in cash and cash equivalents in the year		10,675	(366)
Cash and cash equivalents at beginning of the year	21	5,514	5,880
Cash and cash equivalents at end of the year	21	16,189	5,514

Notes to the Financial Statements

1. Accounting Policies

Legal Status

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

The Corporation was incorporated as South Trafford College. On 1st September 2007, the Secretary of State granted consent to the Corporation to change the College's name to Trafford College. On this date, the activities of North Trafford College were merged with those of South Trafford College.

On 5 April 2018, the Corporation merged with Stockport College under a type B merger and the Secretary of State granted consent for to the Corporation to change the College's name to The Trafford College Group.

On 4 May 2021, the Corporation merged with Cheadle and Marple Sixth Form College, with the relative sizes and lasting governance arrangements such that this transaction is effectively an acquisition for the purpose of accounting treatment. As such, the fair value of the assets and liabilities were transferred to the TCG from 4 May 2021, with the income and expenditure of Cheadle and Marple Sixth Form College included in the results of the Trafford College Group from this date onwards.

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 2019 (the 2019 FE HE SORP), the College Accounts Direction for 2020 to 2021 and in accordance with Financial Reporting Standard 102 – “The Financial Reporting Standard applicable in the United Kingdom and Republic of Ireland” (FRS 102). The Office for Students Accounts Direction has been applied where disclosure is required in excess of the College Accounts Direction for 2020 to 2021. The College is a public benefit entity and has therefore applied the relevant public benefit requirements of FRS 102.

The financial statements are prepared in £ sterling.

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

Basis of Accounting

The financial statements are prepared in accordance with the historical cost convention.

Going Concern

After making appropriate enquiries, the Corporation considers that the TCG has adequate resources to continue in operational existence for the foreseeable future. Our scenario planning process models through the impact to the Financial Health Grading as well as our banking covenants.

Notes to the Financial Statements (continued)

The TCG primarily meets its day-to-day working capital requirements through cash generated from its day-to-day activities. The TCG is funding over £5m of its contribution to the redevelopment of Stockport Campus through the disposal of land that took place in April 2021.

The TCG currently has one loan of £6.0m outstanding at 31 July 2021 with Barclays Bank, with current annual payments of £674k (principal plus interest) ending in 2036. The loan with Barclays includes a number of covenants. The TCG's forecasts and financial projections indicate that it will be able to operate within this existing facility and covenants for the foreseeable future.

In response to Covid-19 the TCG is operating plans to ensure it continues to operate and provide learners with an outstanding education experience with excellent qualification outcomes. The TCG has modelled a number of financial scenarios taking the potential future impact of Covid-19 into account and the TCG's financial projections and mitigations indicate that the TCG has adequate resources to continue in operational existence for the foreseeable future.

The risks established by the new Health and Social Care Levy via increased National Insurance contributions have been considered in scenario planning, to confirm the adequacy of resources and to update forecasts for these costs. Other scenarios included an under delivery of AEB, apprenticeships and the tuition fund.

Accordingly, the TCG has a reasonable expectation that it has adequate resources to continue in operational existence for the foreseeable future, being a period of not less than 12 months from the date of approval of the financial statements, and for this reason will continue to adopt the going concern basis in the preparation of its Financial Statements.

Recognition of Income

Revenue grant funding

Revenue grant funding includes funding body recurrent grants and other grants and are accounted for under the accrual model as permitted by FRS 102. Funding body recurrent grants are measured in line with best estimates for the period of what is receivable and depend on the particular income stream involved. Any under or over achievement for the Adult Education Budget is adjusted for and reflected in the level of recurrent grant recognised in the Statement of Comprehensive Income. The final grant income is normally determined with the conclusion of the year end reconciliation process with the funding body following the year end, and the result of any funding audits. 16-18 learner-responsive funding is not normally subject to reconciliation and is therefore not subject to contract adjustments.

The recurrent grant from OfS represents the funding allocations attributable to the current financial year and is credited direct to the Statement of Comprehensive Income.

Where part of a government grant is deferred, the deferred element is recognised as deferred income within creditors and allocated between creditors due within one year and creditors due after more than one year as appropriate.

The merger with Stockport College in April 2018 was supported by the Provider Market Oversight Unit with support funds of £nil (2020: £0.3m) received during the financial year. £nil (2020: £1m) was expended in the financial year, with £nil (2020: £nil) deferred to future periods. No further funds are expected from the Provider Market Oversight Unit in respect of this merger.

Notes to the Financial Statements (continued)

The merger with Cheadle and Marple Sixth Form College on 4 May 2021 is similarly being supported by the Provider Market Oversight Unit with support funds of £1,533k (2020: £nil) recognised during the financial year. £1,533k (2020: £nil) was expended in the financial year, with £293k accrued at 31 July 2021. Further funds are expected from the Provider Market Oversight Unit in respect of this merger through to 31 July 2023.

Capital grant funding

Government capital grants are capitalised, held as deferred income and recognised in income over the expected useful life of the asset, under the accrual method as permitted by FRS 102. Other capital grants are recognised in income when the TCG is entitled to the funds subject to any performance related conditions being met. Income received in advance of performance related conditions being met is recognised as deferred income within creditors on the Balance Sheet and released to income as conditions are met.

Fee income

Income from tuition fees is recognised in the period for which it is received and includes all fees chargeable to students or their sponsors.

Other grants and contracts

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

Other income

Income from other services rendered is recognised to the extent of the service has been delivered.

Investment income

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

Accounting for post-employment benefits

Post-employment benefits to employees of the TCG are provided by the Teachers' Pension Scheme (TPS) and the Local Government Pension Scheme (LGPS). These are defined benefit plans, which are externally funded and contracted out of the State Second Pension.

Teachers' Pension Scheme (TPS)

The TPS is an unfunded scheme. Contributions to the TPS are calculated so as to spread the cost of pensions over employees' working lives with the TCG in such a way that the pension cost is a substantially level percentage of current and future pensionable payroll. The contributions are determined by qualified actuaries on the basis of valuations using a prospective benefit method. The TPS is a multi-employer scheme and there is insufficient information available to use defined benefit accounting. The TPS is therefore treated as a defined contribution plan and the contributions recognised as an expense in the Statement of Comprehensive Income in the periods during which services are rendered by employees.

Notes to the Financial Statements (continued)

Greater Manchester Pension Fund (LGPS)

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

Actuarial gains and losses are recognised immediately in the Statement of Comprehensive Income.

Short term Employments benefits

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

Enhanced Pensions

The actual cost of any enhanced ongoing pension to a former member of staff is paid by the TCG 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 TCG's income in the year that the member of staff retires. In subsequent years a charge is made to provisions in the Statement of Financial Position.

Tangible Fixed Assets

a) Land and Buildings

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

Freehold land is not depreciated as it is considered to have an infinite useful life. The useful economic life of 50 years is estimated for all newly constructed or redeveloped building stock. Improvements to land and buildings are depreciated over 10-20 years or over the period of their useful economic life.

On merger with the Cheadle and Marple Sixth Form College, the land and buildings have been brought into the TCG at their fair value at the point of merger and with remaining useful lives as stipulated in the valuation performed by Gerald Eve on 26 April 2021.

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 Statement of Comprehensive Income over the expected useful economic life of the related asset on a basis consistent with the depreciation policy.

Notes to the Financial Statements (continued)

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

On adoption of FRS 102, the TCG followed the transitional provision to retain the book value of land and buildings which were revalued in 1993, but not to adopt a policy of revaluations of these properties in the future.

Assets under construction

Assets under construction are accounted for at cost, based on the value of architects' certificates and other direct costs, incurred in the year. Assets 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 Statement of Comprehensive Income 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.

b) Equipment

Equipment costing less than £1,000 per individual item is expensed in the Statement of Comprehensive Income in the period of acquisition. The only exception is in relation to personal computers for which a lower capitalisation value may apply. All other equipment is capitalised at cost.

All assets are depreciated over their useful economic life as follows:

Computer equipment	20-33% per annum
Office equipment	20-33% per annum
Furniture, plant and equipment	10-33% per annum

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 Statement of Comprehensive Income over the expected useful economic life of the related equipment.

Impairment

The carrying amounts of the Corporations' non-financial assets are reviewed at each balance sheet date to determine whether there is any indication of impairment. If any such indication exists, the asset's recoverable amount is estimated.

Notes to the Financial Statements (continued)

An impairment loss is recognised whenever the carrying amount of an asset or its cash-generating unit exceeds its recoverable amount. Impairment losses are recognised in net income and expenditure.

The recoverable amount of the tangible fixed assets is the greater of their fair value less costs to sell and value in use. In assessing value in use, the depreciated replacement cost of the assets has been assessed.

Borrowing Costs

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

Leased assets

Costs in respect of operating leases are charged on a straight line basis over the lease term to the Statement of Comprehensive Income.

Assets held under finance leases are recognised as assets at the lower of the assets fair value at the date of inception and the present value of the minimum lease payments. The related liability is included in the balance sheet as a finance lease obligation. Lease payments are treated as consisting of capital and interest elements. The interest is charged to the profit and loss account so as to produce a constant periodic rate of interest on the remaining balance of the liability.

Cash and Cash equivalents

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

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

Financial liabilities and equity

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

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

Provisions

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

Where the effect of the time value of money is material, the amount expected to be required to settle the obligation is recognised at present value using a pre-tax discount rate. The unwinding of the

Notes to the Financial Statements (continued)

discount is recognised as a finance cost in the Statement of Comprehensive Income in the period it arises.

Maintenance of Premises

The cost of routine corrective maintenance is charged to the Statement of Comprehensive Income in the period that 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 exclusively to charitable purposes.

The College is partially exempt in respect of Value Added Tax, so that it can only recover a minor element of VAT charged on its inputs. Irrecoverable VAT on inputs is included in the costs of such inputs and added to the cost of tangible fixed assets as appropriate, where the inputs themselves are tangible fixed assets by nature.

Agency Arrangements

The TCG acts as an agent in the collection and payment of certain discretionary support funds. Related payments received from the funding bodies and subsequent disbursements to students are excluded from the Statement of Comprehensive Income and are shown separately in Note 30, except for the 5% of the grant received which is available to the TCG to cover administration costs relating to the grant. The TCG employs a team of staff dedicated to the administration of Learner Support Fund applications and payments.

Any disbursements over and above the grant monies received are charged to the Income and Expenditure account.

Judgements in applying accounting policies and key sources of estimation uncertainty

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

- Determine whether leases entered into by the TCG either as a lessor or a lessee are operating or finance leases. These decisions depend on an assessment of whether the risks and rewards of ownership have been transferred from the lessor to the lessee on a lease by lease basis.
- Determine whether there are indicators of impairment of the TCG's tangible assets. Factors taken into consideration in reaching such a decision include the economic viability and expected future financial performance of the asset and where it is a component of a larger cash-generating unit, the viability and expected future performance of that unit.
- Determine the fair value of assets and liabilities transferred from Cheadle and Marple Sixth Form College on 4 May 2021 which were not independently valued. Factors taken into accounts were an external audit of the closing balance sheet as at 3 May 2021, crystallisation of liabilities on merger and recoverability of debt. Further information is included at Note 28.

Notes to the Financial Statements (continued)

Other key sources of estimation uncertainty:

- **Tangible fixed assets**

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

- **Impairment**

In assessing impairment of tangible fixed assets, management estimates the recoverable amount of cash generating units based on their depreciated replacement cost, where a market value is not available, using the remaining useful life of the assets. At the end of this reporting period management performed a depreciated replacement cost calculation against the replacement value of the estate. If the depreciated replacement cost shows a lower valuation than the net book value of tangible fixed assets an impairment would be made. Based on this evaluation including management estimates and assumptions no impairment was made during the reporting period. Estimation uncertainty relates to the assumptions around the replacement valuation and the useful life of the assets.

- **Local Government Pension Scheme**

The present value of the Local Government Pension Scheme defined benefit liability depends on a number of factors that are determined on an actuarial basis using a variety of assumptions. The assumptions used in determining the net cost for pensions include the discount rate. Any changes in these assumptions, which are disclosed in note 27 will impact the carrying amount of the pension liability. Furthermore, a roll forward approach which projects results from the latest full actuarial valuation performed at 31 March 2019 has been used by the actuary in valuing the pensions liability at 31 July 2021. Any differences between the figures derived from the roll forward approach and a full actuarial valuation would impact on the carrying amount of the pension liability.

A proportion of the asset portfolio within the pension scheme is valued on a quarterly basis and therefore management estimate an element of the pension asset values at 31 July 2021 using an external expert. The ongoing Covid-19 pandemic and the associated volatility since March 2020 represents an increased level of uncertainty within the estimation of such assets.

The pension asset at 31 July 2021 includes £7,929k (6%) (2020: £6,243k (7%)) of property assets which are valued annually as part of determining the value of the net pension liability at year end.

Notes to the Financial Statements (continued)

2. Funding council grants

	2021	2020
	£'000	£'000
Recurrent grants		
Education and Skills Funding Agency - adult	453	687
Greater Manchester Combined Authority – adult	5,280	5,586
Education and Skills Funding Agency – 16-18	20,154	15,876
Education and Skills Funding Agency - apprenticeships	3,112	3,663
Office for Students (see note 5)	393	428
Specific grants		
Education and Skills Funding Agency – Provider Market Oversight Unit	1,533	946
Education and Skills Funding Agency - LSF admin	58	58
Education and Skills Funding Agency - T-Levels	99	12
Education and Skills Funding Agency – Devolved Formula Capital	40	-
Teacher pension scheme contribution grant	795	663
Release of Government capital grants	1,146	1,081
Specific grants– Coronavirus additional funding		
Education and Skills Funding Agency – AEB COVID-19 Skills offer	10	-
Education and Skills Funding Agency – 16-19 Tuition Fund	531	-
Education and Skills Funding Agency – High value courses for school and college leavers	113	-
Education and Skills Funding Agency – COVID-19 mass testing funding	47	-
	33,764	29,000

The corporation has been eligible to claim additional funding in year from government support schemes in response to the coronavirus outbreak.

3. Tuition fees and education contracts

	2021	2020
	£'000	£'000
Adult education fees	539	521
Apprenticeship fees and contracts	411	506
Fees for FE loan supported courses	572	731
Fees for HE loan supported courses (see note 5)	2,307	2,538
Employer apprenticeship fees	49	43
Total tuition fees	3,878	4,339
Education contracts – local authority	434	183
Education contracts - other	216	207
	4,528	4,729

Notes to the Financial Statements (continued)

4. Other grants and contracts

	2021	2020
	£'000	£'000
Coronavirus Job Retention Scheme grant	21	96
	21	96

The Corporation furloughed some of the staff who were related to commercial delivery under the Government's Coronavirus Job Retention Scheme. The funding received in respect of 29 (2020: 41) staff relates to staff costs which are included within note 8.

5. Higher Education grant and fee income

	Notes	2021	2020
		£'000	£'000
Grant income from the Office for Students	2	393	428
Fees for loan supported courses	3	2,307	2,538
Fee income from non-qualifying courses	3	138	282
Grant income from other bodies	6	41	40
		2,879	3,288

Higher Education grant and fee income represents income for courses at Level 4 and above.

6. Other income

	2021	2020
	£'000	£'000
Catering and residences	26	28
Other income generating activities	8	22
Miscellaneous income	162	217
	196	267

7. Investment income

	2021	2020
	£'000	£'000
Other interest receivable	1	25

Notes to the Financial Statements (continued)

8. Staff costs

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

	2021	2020
	No.	No.
Teaching staff	385	422
Non-teaching staff	244	214
	629	636

The average number of persons (including key management personnel) employed by the College during the year, described as full-time equivalents, was:

	2021	2020
	No.	No.
Teaching staff	321	322
Non-teaching staff	196	174
	517	496

Staff costs for the above persons

	2021	2020
	£'000	£'000
Wages and salaries	16,980	15,625
Social security costs	1,548	1,385
Apprentice levy	71	64
Other pension costs	5,544	4,294
Payroll sub total	24,143	21,368
Contracted out staffing services	728	887
	24,871	22,255
Fundamental restructuring costs:		
Contractual	551	171
Non-contractual	5	-
	25,427	22,426

The Corporation has salary sacrifice arrangements in place for childcare vouchers which equated to £28k in total for the year (2020: £39k) and a cycle to work scheme totalling £1k (2020: £nil).

Notes to the Financial Statements (continued)

8. Staff costs (continued)

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

	2021	2020
	No.	No.
£60,001 to £65,000	3	2
£65,001 to £70,000	2	4
£70,001 to £75,000	-	1
£75,001 to £80,000	1	1
£85,001 to £90,000	1	-
£90,001 to £95,000	-	1
	7	9

9. Key management personnel

Key management personnel are those persons having authority and responsibility for planning, directing and controlling the activities of the TCG, as represented by the Executive Leadership Team which comprises the Principal and Chief Executive Officer (Accounting Officer), Deputy Principal, Vice Principal - Corporate Services and Planning, the Chief Finance Officer and the previous post holder to this role, previously termed Director of Finance and Strategy, and the Corporation Secretary.

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

	2021	2020
	No.	No.
The number of key management personnel including the Accounting Officer was:	6	5

Key management personnel emoluments are made up as follows:

	2021	2020
	£'000	£'000
Basic salary	481	554
Performance related pay and bonus	-	20
Benefits in kind	-	-
	481	574
Pension contributions	112	86
	593	660

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

Notes to the Financial Statements (continued)

9. Key management personnel (continued)

The number of key management personnel who received emoluments, excluding pension contributions and employer’s national insurance but including benefits in kind, was banded as follows:

	2021	2020
	No.	No.
£5,501 to £6,000	1	-
£45,001 to £50,000	1	-
£50,001 to £55,000	-	1
£55,001 to £60,000	1	-
£85,001 to £90,000	1	-
£100,001 to £105,000	1	1
£105,001 to £110,000	-	1
£110,001 to £115,000	-	1
£175,001 to £180,000	1	-
£190,001 to £195,000	-	1
	6	5

The above key management personnel includes three post holders who were not in post for a full year. On a full year basis, the emoluments in respect of these three individuals two would have fallen within the £100,001 to £105,000 banding and one in the £105,001 to £110,000.

The previously stated emoluments include amounts paid to the Principal and Chief Executive who is the accounting officer and who is also the highest paid member of staff. The Principal and Chief Executive has been in post since 1 August 2020, with the previous Principal in post throughout the 2020 financial year. Their pay and remuneration is as follows:

	2021	2020
	£'000	£'000
Basic salary	176	193
Benefits in kind	-	-
	176	193
Pension contributions	42	1
	218	194

The Principal for the 2020 financial year has been employed as Merger Director from 1 August 2020 to May 2021 to support the merger between Cheadle and Marple Sixth Form College and The Trafford College Group.

The members of the Board of the Corporation, other than the Accounting Officer and the staff member, did not receive any payment from the institution other than the reimbursement of travel and subsistence expenses incurred in the course of their duties.

The Board of the Corporation has adopted the AoC’s Senior Staff Remuneration Code in December 2018 and assesses pay for key management personnel in line with its principles.

Notes to the Financial Statements (continued)

9. Key management personnel (continued)

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

The Remuneration Committee provided the Board of the Corporation with an annual report for the period ending 31 July 2021 which detailed amongst other issues the following information:

- The approach to the Remuneration of Senior Post Holders which is based on the adoption of the AoC Remuneration Code including the key elements of: a fair and appropriate and justifiable level of remuneration, procedural fairness and transparency and accountability.
- The remuneration and Terms and Conditions of Senior Post Holders for the Year.
- Performance targets for all Senior Post Holders together with an assessment of performance against targets.

The Board of the Corporation operates an approved Senior Post Holder Remuneration Policy which includes the College's Policy on the following matters:

- The Principles and Procedures for determining Senior Post Holders Pay.
- Severance Payments and the Annual Statement

In accordance with Senior Post Holders' Remuneration Policy, the Remuneration Committee undertook its annual salary benchmarking review.

The Principal and Chief Executive reports to the Chair of the Board of the Corporation, who undertakes an annual review of their performance against the TCG's overall objectives using both qualitative and quantitative measures of performance. All other key management personnel undertake a similar performance review process.

The relationship of Principal/Chief Executive pay and remuneration expressed as a multiple, is as follows:

	2021	2020
	£'000	£'000
Principal and CEO's basic salary as a multiple of the median of all staff	5.3	5.5
Principal and CEO's total remuneration as a multiple of median of all staff	6.3	5.9

Compensation for loss of office paid to former key management personnel

	2021	2020
	£	£
Compensation paid to the former post-holder (contractual)	43,269	31,229
Compensation paid to the former post-holder (non-contractual)	2,538	-

Notes to the Financial Statements (continued)

10. Other operating expenses

	2021	2020
	£'000	£'000
Teaching costs	1,945	2,364
Non-teaching costs	5,128	4,591
Premises costs	3,102	3,051
	10,175	10,006

Other operating expenses include:

	2021	2020
	£'000	£'000
Auditors' remuneration:		
Financial statements audit	52	44
Internal audit	43	36
Other services provided by the financial statements auditors	4	4
Other services provided by the internal auditors	2	-
Hire of assets under operating leases:		
Land and buildings	540	464
Equipment	130	152

11. Access and Participation expenditure

	2021	2020
	£'000	£'000
Financial support to students	28	47
Research and evaluation	27	35
Access investment	29	12
Support for disabled students	28	6
	112	100

This includes £82k (2020: £52k) in respect of staff costs, which are included within note 8.

In addition, the TCG received £41k from the OfS for hardship support for learners due to Covid-19, all of which was paid over to learners.

The Access and Partnership plan is available on the TCG's website.

12. Interest payable

	2021	2020
	£'000	£'000
On bank loans, overdrafts and other loans:	430	443
Net interest on defined pension liability (note 27)	620	560
	1,050	1,003

Notes to the Financial Statements (continued)

13. Taxation

The members of the Board of the Corporation do not believe that the College was liable for any corporation tax arising out of its activities during the year (2020: £nil).

14. Tangible fixed assets

	Land and Buildings - Freehold £'000	Leasehold buildings £'000	Equipment £'000	Assets under Construction £'000	Total £'000
Cost or valuation					
As at 1 August 2020	81,117	832	8,877	4,735	95,561
Transfer at merger	18,480	-	94	-	18,574
Additions	-	-	946	10,334	11,280
Disposals	(2,262)	-	(400)	(472)	(3,134)
Reclassification	14,894	(832)	-	(14,062)	-
As at 31 July 2021	112,229	-	9,517	535	122,281
Depreciation					
As at 1 August 2020	20,736	832	7,615	-	29,183
Charge for the year	2,079	-	571	-	2,650
Elimination in respect of disposals	-	-	(400)	-	(400)
Reclassification	832	(832)	-	-	-
As at 31 July 2021	23,647	-	7,786	-	31,433
Net Book Value					
As at 31 July 2021	88,582	-	1,731	535	90,848
Net Book Value					
As at 31 July 2020	60,381	-	1,262	4,735	66,378

Freehold land and buildings include £594k of interest payments which were capitalised prior to FY2016/17.

In April 1993 inherited land and buildings were value by independent chartered surveyors for the purpose of the Financial Statements at depreciated replacement cost. Other tangible assets gifted from the Local Authority at incorporation have been valued by the Corporation on a depreciated historical cost basis. The historical cost to the College of inherited land and buildings is nil.

Land and buildings acquired as a result of the merger with Stockport College in April 2018 were recognised at the fair value attributed to them by an independent chartered surveyor.

Land and buildings acquired as a result of the merger with Cheadle and Marple Sixth Form College in May 2021 have been recognised at the fair value attributed to them by an independent chartered surveyor.

Notes to the Financial Statements (continued)

14. (a) Profit on disposal

Profits on disposal of tangible fixed assets comprise the following:

	2021	2020
	£'000	£'000
Net proceeds on sale of tangible fixed assets	5,202	-
Net book value of tangible fixed assets disposed	(2,734)	-
Expenditure costs of disposal	(43)	-
Net profit on disposal	2,425	-

15. Trade and other receivables

	2021	2020
	£'000	£'000
Trade receivables	280	96
Prepayments and accrued income	1,023	788
Amounts owed by the ESFA	1,674	436
	2,977	1,320

16. Creditors: amounts falling due within one year

	2021	2020
	£'000	£'000
Bank loans (note 18)	269	256
Obligations under finance leases (note 18)	-	20
Trade payables	2,123	702
Other taxation and social security	787	387
Accruals and deferred income	3,730	1,716
Amounts disbursed as agent	1,135	772
Amounts owed to the GMCA/ESFA	703	-
Deferred income – capital grants in advance	3,591	-
Deferred income - government capital grants	1,547	1,000
Deferred income - government revenue grants	116	9
	14,001	4,862

17. Creditors: amounts falling due after one year

	2021	2020
	£'000	£'000
Bank loans (note 18)	5,703	5,972
Deferred income - government capital grants	47,240	36,479
	52,943	42,451

Notes to the Financial Statements (continued)

18. Maturity of debt

(a) Bank loans and overdrafts are repayable as follows:

	2021	2020
	£'000	£'000
In one year or less	269	256
Between one and two years	283	269
Between two and five years	935	891
In five years or more	4,485	4,812
	5,972	6,228

The TCG took out an unsecured loan during the year ended 31 July 2009 with Barclays Bank plc for £8million which was drawn down in full by July 2011. The purpose of this loan was to part fund the redevelopment works at the Altrincham campus. The loan was initially at a variable rate but was fixed at 4.98% from March 2010 and then increased to 6.73% in April 2018 following the merger with Stockport College. A further increase in the fixed rate to 6.98% occurred on 1 August 2020.

The final payment on the loan will be made in September 2036.

Barclays Bank also amended the security on the loan in April 2018 by taking a charge on the premises at:

- Trafford College, Talbot Road, Stretford, Manchester
- Trafford College, Manchester Road, West Timperley, Altrincham
- Land on the South Side of Stamford Brook Road, West Timperley, Altrincham

(b) Finance lease obligations to which the institution is committed are:

	2021	2020
	£'000	£'000
In one year or less	-	20
	-	20

Finance lease obligations are secured on the assets to which they relate.

19. Financial assets and liabilities

	2021	2020
	£'000	£'000
Financial assets measured at amortised cost	18,165	6,126
Financial liabilities measured at amortised cost	14,450	7,874

Financial assets measured at amortised cost comprise cash and cash equivalents, trade receivables, accrued income and amounts owed by the ESFA.

Financial liabilities measured at amortised cost comprise bank loans, trade payables, accruals and amounts owed to the ESFA.

Notes to the Financial Statements (continued)

20. Provisions

	Enhanced pensions £'000
As at 1 August 2020	1,245
Expenditure in the period	(103)
Transferred due to merger	36
Finance costs	17
Actuarial loss	21
As at 31 July 2021	1,216

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

The principal assumptions for this calculation are:

	2021	2020
Price inflations	2.6%	2.2%
Discount rate	1.6%	1.3%

21. Cash and cash equivalents

	As at 1 August 2020 £'000	Cash flows £'000	Other changes £'000	As at 31 July 2021 £'000
Cash and cash equivalents	5,514	10,675	-	16,189

22. Analysis of net debt

	As at 1 August 2020 £'000	Cash flows £'000	Other changes £'000	As at 31 July 2021 £'000
Cash and cash equivalents				
Cash	5,514	10,675	-	16,189
Borrowings				
Debt less than one year	(276)	276	(269)	(269)
Debt greater than one year	(5,972)	-	269	(5,703)
	(6,248)	276	-	(5,972)
Net (debt)/cash	(734)	10,951	-	10,217

Notes to the Financial Statements (continued)

23. Capital commitments

	2021	2020
	£'000	£'000
Commitments contracted at 31 July	519	-

The Trafford College Group has contractual capital commitments relating to the second phase of the redevelopment of the Stockport College campus.

24. Lease Obligations

At 31 July the College had minimum lease payments under non-cancellable operating leases as follows:

	2021	2020
	£'000	£'000
Future minimum lease payments due		
Land and buildings		
Not later than one year	620	454
Later than one year and not later than five years	1,670	1,739
later than five years	47	541
	2,337	2,734
Other		
Not later than one year	23	67
Later than one year and not later than five years	38	8
	61	75
Total lease payments due	2,398	2,809

25. Contingent liabilities

The Corporation is in receipt of a capital grant from the Department for Education (DfE) which contains an overage element. Dependent on the future financial performance of the TCG, the DfE may undertake a review of the recovery of any overage and its impact on the TCG's financial position at any time and may, in its discretion and following consultation with the TCG, determine that some of the grant could be repayable. Overage will be in place on certain elements of the grant until 31 July 2061.

There were no contingent liabilities at 31 July 2020.

26. Events after the reporting period

There are no events after the reporting period to disclose.

Notes to the Financial Statements (continued)

27. Defined benefit obligations

The TCG's employees belong to two principal post-employment benefit plans: The Teachers' Pension Scheme England and Wales (TPS) for academic and related staff and the Greater Manchester Pension Fund (GMPF), a Local Government Pension Scheme for non-teaching staff, which is managed by Tameside MBC. Both are multi-employer defined-benefit plans.

	2021	2020
	£'000	£'000
Teachers' Pension Scheme: contributions paid	2,077	1,805
Local Government Pension Scheme:		
Contributions paid	1,564	1,787
Additional accrued pension costs	133	(185)
FRS 102 (28) charge	1,732	803
Charge to the Statement of Comprehensive Income	<u>3,429</u>	<u>2,405</u>
Enhanced pension charge to Statement of Comprehensive Income	38	84
Total Pension Cost for Year	<u>5,544</u>	<u>4,294</u>

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

Contributions amounting to £478k (2020: £368k) were payable to the schemes at 31 July and are included within creditors.

Teachers' Pension Scheme

The Teachers' Pension Scheme (TPS) is a statutory, contributory, defined benefit scheme, governed by the Teachers' Pensions Regulations 2014. These regulations apply to teachers in schools and other educational establishments, including colleges. Membership is automatic for teachers and lecturers at eligible institutions. Teachers and lecturers are able to opt out of the TPS.

Valuation of the Teachers' Pension Scheme

The TPS is an unfunded scheme and members contribute on a 'pay as you go' basis – these contributions, along with those made by employers, are credited to the Exchequer under arrangements governed by the above Act. Retirement and other pension benefits are paid by public funds provided by Parliament.

Under the definitions set out in FRS 102 (28.11), the TPS is a multi-employer pension plan. The College is unable to identify its share of the underlying assets and liabilities of the plan. Accordingly, the College has taken advantage of the exemption in FRS 102 and has accounted for its contributions to the scheme as if it were a defined-contribution plan. The College has set out above the information available on the plan and the implications for the College in terms of the anticipated contribution rates.

Notes to the Financial Statements (continued)

27. Defined benefit obligations (continued)

The valuation of the TPS is carried out in line with regulations made under the Public Service Pension Act 2013. Valuations credit the teachers' pension account with a real rate of return assuming funds are invested in notional investments that produce that real rate of return.

The latest actuarial review of the TPS was carried out as at 31 March 2016. The valuation report was published by the Department for Education (DfE) in April 2019. The valuation reported total scheme liabilities (pensions currently in payment and the estimated cost of future benefits) for service to the effective date of £218 billion, and notional assets (estimated future contributions together with the notional investments held at the valuation date) of £198 billion, giving a notional past service deficit of £22 billion.

The 31 March 2016 Valuation Report was prepared in accordance with the benefits set out in the scheme regulations and under the approach specified in the Directions, as they applied at 5 March 2019. However, the assumptions were considered and set by the DfE prior to the ruling in the 'McCloud/Sargeant case'. This case has required the courts to consider cases regarding the implementation of the 2015 reforms to Public Service Pensions including the Teachers' Pensions.

On 27 June 2019 the Supreme Court denied the government permission to appeal the Court of Appeal's judgement that transitional provisions introduced to the reformed pension schemes in 2015 gave rise to unlawful age discrimination. The government is respecting the Court's decision and has said it will engage fully with the Employment Tribunal as well as employer and member representatives to agree how the discriminations will be remedied.

The TPS is subject to a cost cap mechanism which was put in place to protect taxpayers against unforeseen changes in scheme costs. The Chief Secretary to the Treasury, having in 2018 announced that there would be a review of this cost cap mechanism, in January 2019 announced a pause to the cost cap mechanism following the Court of Appeal's ruling in the McCloud/Sargeant case and until there is certainty about the value of pensions to employees from April 2015 onwards. A proposed solution to the cost cap mechanism was proposed by the Government's Actuary in June 2021.

In view of the above rulings and decisions the assumptions used in the 31 March 2016 Actuarial Valuation may become inappropriate. In this scenario, a valuation prepared in accordance with revised benefits and suitably revised assumptions would yield different results than those contained in the Actuarial Valuation.

Until a remedy to the discrimination conclusion has been determined by the Employment Tribunal it is not possible to conclude on any financial impact or future changes to the contribution rates of the TPS. Accordingly, no provision for any additional past benefit pension costs is included in these financial statements.

As a result of the valuation, new employer contribution rates were set at 23.68% of pensionable pay from September 2019 onwards (compared to 16.48% during 2019). DfE has agreed to pay a teacher pension employer contribution grant to cover the additional costs from the 2020 academic year through to 2022.

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

Notes to the Financial Statements (continued)

27. Defined benefit obligations (continued)

The pension costs paid to TPS in the year amounted to £2,077k (2020: £1,805k).

Local Government Pension Scheme

The Greater Manchester Pension Fund (GMPF) is a funded defined-benefit plan, with the assets held in separate funds administered by Tameside MBC. The total contribution made for the year ended 31 July 2021 was £1,977k (2020: £2,173k) of which employer's contributions totalled £1,564k (2020: £1,787k) and employees' contributions totalled £413k (2020: £386k).

The agreed contribution rates for future years are 23.8% for employers and range from 5.5% to 12.5% for employees depending on salary.

Principal actuarial assumptions

The following information is based upon a full actuarial valuation of the fund at 31 March 2019 updated to 31 July 2021 by a qualified independent actuary.

	2021	2020
	% per annum	% per annum
Rate of increase in salaries	3.6%	3.0%
Future pensions increases	2.9%	2.2%
Discount rate for scheme liabilities	1.6%	1.4%
Inflation assumption (CPI)	2.9%	2.2%

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

	2021	2020
	years	years
<i>Retiring today</i>		
Males	20.5	20.5
Females	23.3	23.1
<i>Retiring in 20 years</i>		
Males	21.9	22.0
Females	25.3	25.0

Notes to the Financial Statements (continued)

27. Defined benefit obligations (continued)

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

	Fair Value	Fair Value
	2021	2020
	£'000	£'000
Equities	93,825	59,754
Bonds	19,822	15,162
Property	7,929	6,243
Cash	10,572	8,027
	132,148	89,186
Actual return on plan assets	19,247	(5,193)

The amount included in the Statement of Financial Position in respect of the defined benefit pension plan is as follows:

	2021	2020
	£'000	£'000
Fair value of plan assets	132,148	89,186
Present value of plan liabilities	(176,707)	(131,349)
Present value of unfunded liabilities	(183)	(193)
Net pensions liability	(44,742)	(42,356)

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

	2021	2020
	£'000	£'000
Amounts included in staff costs		
Current service cost	3,327	2,567
Past service cost	-	3
	3,327	2,570
Amounts included in Interest and other finance costs		
Net interest income	620	560
	620	560
Amounts recognised in Other Comprehensive Income		
Return on pension plan assets	17,922	(7,185)
Experience gains arising on defined benefit obligations	2,360	6,942
Changes in assumptions underlying the present value of plan liabilities	(14,892)	(14,541)
	5,390	(14,784)

Notes to the Financial Statements (continued)

27. Defined benefit obligations (continued)

Movement in net defined benefit liability during the year

	2021	2020
	£'000	£'000
(Deficit) in scheme at 1 August	(42,356)	(26,209)
Movement in year:		
Transfer of defined benefit liability on merger into scheme	(5,424)	-
Current service cost	(3,327)	(2,567)
Employer contributions	1,595	1,767
Past service cost	-	(3)
Net interest on the defined benefit liability	(620)	(560)
Actuarial loss	5,390	(14,784)
Net defined benefit liability at 31 July	(44,742)	(42,356)

Asset and Liability reconciliation

	2021	2020
	£'000	£'000
Changes in the present value of defined benefit obligations		
Defined benefit obligations at start of period	131,542	121,121
Transfer of defined benefit obligations on merger into scheme	29,807	-
Current Service cost	3,327	2,567
Interest cost	1,945	2,552
Contributions by Scheme participants	417	383
Experience gains and losses on defined benefit obligations	(2,360)	(6,942)
Changes in demographic assumptions	760	2,317
Changes in financial assumptions	14,132	12,224
Estimated benefits paid	(2,680)	(2,683)
Past Service cost	-	3
Defined benefit obligations at end of period	176,890	131,542

	2021	2020
	£'000	£'000
Reconciliation of assets		
Fair value of plan assets at start of period	89,186	94,912
Transfer of defined benefit assets on merger into scheme	24,383	-
Interest on plan assets	1,325	1,992
Return on plan assets	17,922	(7,185)
Employer contributions	1,595	1,767
Contributions by Scheme participants	417	383
Estimated benefits paid	(2,680)	(2,683)
Fair value of plan assets at end of period	132,148	89,186

Notes to the Financial Statements (continued)

27. Defined benefit obligations (continued)

These accounts show experience gains on obligations in respect of the McCloud/Sergeant judgement, Guaranteed Minimum Pension (GMP) indexation and GMP equalisation. GMP indexation and GMP equalisation have been included in the triennial valuation of 31 March 2019 so are implicit in the results to the balance sheet date of 31 July 2021.

In respect of the McCloud / Sergeant judgement, which ruled that the transitional protection for some members of public service schemes implemented when they were reformed constituted age discrimination, a provision of 0.41% (2020: 0.41%) of the liability, approximately £725k (2020: £540k) is included in other experience gains. The calculation of this adjustment arising from the outcome of the Court of Appeal judgement is based on a number of key assumptions including:

- the form of remedy adopted
- how the remedy will be implemented
- which members will be affected by the remedy
- the earning assumptions
- the withdrawal assumption

The other financial and demographic assumptions adopted to calculate the past service cost are the same as those used to calculate the overall scheme liability. Adopting different assumptions or making other adjustments to reflect behavioural changes stemming from the judgement, would be expected to change the disclosed past service cost. Similarly, allowing for variations in individual members' future service or salary progression is expected to produce higher costs. The past service cost is particularly sensitive to the difference between assumed long term general pay growth and the CPI.

In July 2020 Ministry of Housing, Communities and Local Government (MHCLG) issued a consultation on the proposed McCloud remedy. The proposal is that only members who were active in the LGPS at both 31 March 2012 and 1 April 2014 would be eligible for the benefit underpin. The impact of this announcement means that any McCloud adjustment applied to liabilities will be lower than previously expected, allowing now for the restricted eligibility criteria, however, the remedy is yet to be agreed. Given this consultation, but that the form of remedy remains to be disclosed, there has been no change to the assumptions applied for the McCloud adjustment since 2020.

Notes to the Financial Statements (continued)

28. Business Acquisitions and Mergers

On 4 May 2021, the Trafford College Group merged with Cheadle and Marple Sixth Form College. Given the relative size of the two College Groups, along with lasting governance arrangements, this has been accounted for using the acquisition method of accounting. The net assets of the Cheadle and Marple Sixth Form College on 4 May 2021 were as follows:

		Net Book value at 4 May 2021 £'000	Fair Value adjustment £'000	Total value on merger £'000
Tangible fixed assets	(i)	14,602	3,972	18,574
Current Assets				
Debtors		258	-	258
Cash and cash equivalents		543	-	543
Creditors falling due within one year	(ii)	(1,128)	(980)	(2,108)
Total assets less current liabilities		14,275	2,992	17,267
Creditors falling due after one year		(4,016)	-	(4,016)
Provisions		(36)	-	(36)
Defined benefit pensions liability	(iii)	(5,424)	-	(5,424)
Total net assets		4,799	2,992	7,791

Fair value adjustments have been applied as follows:

- (i) The fair value of land and buildings was obtained through a valuation conducted on a depreciated replacement cost basis for accounting purposes by Gerald Eve, Independent Chartered Surveyors on 26 April 2021.
- (ii) Adjustment has been made in respect of VAT and other liabilities that have crystallised at point of merger.

29. Related party transactions

Owing to the nature of the Trafford College Group's operations and the composition of the Board of Governors 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 Board of Governors may have an interest. All transactions involving such organisations are conducted in accordance with the TCG's financial regulations and normal procurement procedures. No transactions were identified which should be disclosed under FRS 102 Section 33 on Related Party Disclosures.

The total expenses paid to or on behalf of the Governors during the year was £50; 2 Governors (2020: £471; 3 Governors). This represents travel and subsistence, and other out of pocket expenses incurred in attending Governor meetings and charity events in their official capacity.

No Governor has received any remuneration or waived payments from the College during the year (2020: £Nil).

Notes to the Financial Statements (continued)

30. Amounts disbursed as agent

Learner support funds

	2021	2020
	£'000	£'000
Balance brought forward	772	720
Funding body grants – 16-18 bursary grants	712	775
Funding body grants – other	204	135
Local authority grants	27	-
	<u>1,715</u>	<u>1,630</u>
Balances transferred in on merger	142	-
Disbursed to students	(687)	(817)
Administration costs	(35)	(41)
Balance unspent as at 31 July, included in creditors	<u>1,135</u>	<u>772</u>

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