



Annual Report and Accounts for the 15 months to 31 July 2016

Chair's introduction

This has been a momentous year for the Co-operative College in our first year as a member led charity with Charitable Incorporated (CIO) status.

We held the first elections to our Board of Trustees and we were delighted that it was contested by high calibre candidates who joined us at our inaugural AGM in April. We introduced a challenging, ambitious, new strategy that will take us through to our centenary year in 2019 and shared it with members at the AGM.

Our annual Education Conference also took place in April and was a great success, with over 250 co-operators, researchers and those working in education attending each day. We welcomed delegates and presenters from around the globe and even had a live video link to South Korea.

I'm very proud of what the College has achieved in the last year in our four strategic outcome areas:

- Developing co-operators
- Building co-operative capacity
- Advancing co-operative policy
- Progressing global co-operatives

In this report you'll find some examples of our work and the impact that it has had, in the UK and internationally along with some of the plans that we have for the year ahead.

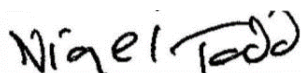
It has been a period of great change for the College which has been energising, set against a backdrop of changes in the co-operative movement and in the socio-economic and political landscapes which have led to a great deal of uncertainty.

Following the referendum vote which resulted in the decision for Britain to leave the European Union, it remains to be seen what the specific impact will be on the education and co-operative sectors.

What we do know though is that in this period of uncertainty we have an important role to play. Co-operatives have always helped to bridge divides, unite communities and helped to build a better world.

It's important for the College, and the movement, to keep our co-operative values and principles at the forefront of our thinking and decision making as we begin to understand the impact of Brexit, and as communities increasingly look to organisations that they can trust.

We truly believe that great things happen when people co-operate and we look forward to working with you to achieve them.



Chair

Introduction from the Chief Executive & Principal

As the Co-operative College completes the first year of migration into its new Charitable Incorporated Organisation (CIO) structure, we wanted to take this opportunity to update you on our progress. During the year, we have spent a significant amount of time examining and improving the culture of the College, how we work with each other and how we work with our external partners. We recognise that the knowledge, skills and behaviours of our team are a key success factor for the College. We will continue to ensure that we build a team and a culture which enables the College to move forward.

We have also been reflecting on our purpose and where we see our future relevance. This resulted in a new strategy which we presented at our inaugural AGM in April 2016.

The aims and outcomes of this new strategy are shown below and in the first year of delivery against this strategy we have focused on our key internal work streams.

Each of these work streams helps us achieve one or more of our strategic outcomes and the links between the work streams and the strategic outcomes are also shown below.



The progress we've made in these key areas has given us the foundation and confidence to look upwards and outwards and talk about the positive impact our work has both in the UK and internationally.

We have started to identify different packages and programmes of work which the College already delivers and which have a positive impact in achieving one or more of our strategic outcomes and this report will give you a flavour of this.

We are currently examining how the UN Sustainable Development Goals (SDG) may provide a framework against which the College can measure its impact. We see the International Co-operative Alliance's commitment to the SDG as an important step for the international movement and the College is keen to play its part.

We have recently launched our organisational membership offer, which gives organisations the opportunity to support the work of the college in both the UK and internationally and to show their solidarity with the broader co-operative movement.

Building on our work with Co-operative schools we are examining the possibilities that the Higher Education Bill presents in shaping a co-operative curriculum for both undergraduate and post graduate study. We are already talking to a number of potential partner organisations and look forward to seeing where our conversations go.

We are also looking forward to the challenge of exploring the numerous co-operative solutions to the social care crisis in the UK. Working with Co-operatives UK and others, we will continue to fulfil the co-operative tradition of rising to the challenge of addressing real needs in society.

We'll continue to measure both our internal performance and our external impact over the coming three years and report this back to our members and partners.

I hope you enjoy reading about our progress and impact and I look forward to working with many of you over the coming months and years.

A handwritten signature in black ink, appearing to read 'A. Parkinson'. The signature is fluid and cursive, with a large initial 'A' and a distinct 'P'.

Chief Executive & Principal

Developing co-operators

Membership

In our first year as a member led charity we were delighted to reach out to supporters and friends of the College to invite them to join us as members. We have successfully achieved some important milestones in this short time:

- By end of July we had recruited 163 members.
- We had a contested election to our Board, with a great pool of candidates for our members to elect from.
- We held our inaugural AGM which was well attended.
- We launched our three year strategy and the new website to members, both of which received positive feedback.
- We have established a regular quarterly newsletter for members to keep them updated about the work of the College and shares our plans for the future.

In the coming year we will build on our member engagement activities, including hosting webinars and encouraging forum discussions on our website as well as organising member events. We will also be launching organisational membership alongside our individual offer so that co-operatives, schools and other likeminded organisations can also support the College. This will include a whole package of benefits including member rates for College services and the opportunity to have an important say in the future of the College.

"My hope for the College is for it to continue to build on the remarkable improvements it's made already, in schools, international co-operative development, research, heritage and youth work. And to help get it back into every Co-operative Society in every sector of the Movement, as the leading supplier of co-operative education. And to make sure that whatever it does it is Co-operative Values and Principles led."

John Boyle - College Trustee

Co-operative Learning

During the period we continued to develop and deliver a wide range of Co-operative Learning and Development both in the UK and internationally. We have significantly increased and improved the nature of our eLearning and are now in a position where we have a number of modules available to Co-operative learners. These modules include our "Co-operative Essentials" package which incorporates modules on; What is a Co-operative?, The Co-operative Values and Principles and Meaningful Member Engagement.

We continued to provide face to face learning opportunities and have enjoyed delivering a development programme with The Co-op Group's Member's Council.

We delivered our learning and development through a network of highly skilled and knowledgeable associates and in partnership with a number of academic institutions. Working with Manchester Metropolitan University and The Co-operative Academy Trust, we developed and delivered a Masters in Co-operative School Leadership. We hope that this programme will gain momentum and be a programme which we can offer to the wider network of Co-operative Schools and Academies

Building Co-operative Capacity

Sri Lanka

We have completed our work on the *Rebuilding Co-operatives* project in Northern Province, Sri Lanka. The 18 month initiative was delivered on behalf of Co-operatives UK in the light of the post-Tsunami Funds raised by the UK Co-operative Movement.

As always the College worked with local people to deliver projects, in this case with the Northern Province Co-operatives Department, the Northern Province Co-operative Federation and the Ministry of Co-operatives.

Following the civil war and the Tsunami what was once a thriving co-operative movement with hospitals, houses, shops and theatres was in desperate need of rebuilding. For Northern Province, functioning agricultural, fishing and livestock co-operatives are fundamental to livelihood building, poverty alleviation and wealth creation. Engaging members, developing democratic practices, encouraging collective entrepreneurship and addressing women's co-operative leadership, underpinned the thinking of the initiative.

We adopted a 'training the co-operative trainers' approach, one of the College's specialisms. We also ran two 5 day courses to develop the skills of trainers to engage co-operative members and produced active learning manuals, translated into Tamil for future use. In addition to exploring the democratic governance and values base of the co-operative model, there was also training on business planning and how to meet the wider needs of co-operatives.

2,000 co-operative members have been reached and there have been significant numbers of co-operative start-ups since the project began. New, more democratic relationships have been built between officers and trainers, who are now working creatively together. Trainers have developed a whole range of new skills including those of being reflective practitioners and rethinking the nature and value of the co-operative model.

Advancing Co-operative Policy

Co-operative Schools

Against a backdrop of uncertainty of funding and the future direction of education, with many academies being taken over by chains of private charities, interest in the co-operative schools model has remained high with lots of schools actively considering making the change.

It is positive news that the Department for Education has agreed a new set of model articles for co-operative Multi Academy Trusts (MAT) which means that we now have a cooperative option that has written into its articles:

- Stakeholder voice and participation.
- Commitment to co-operative values.

It also allows for non co-operative schools (including associate members of trusts) to join the co-operative MAT.

In this period of consolidation, we are focusing our efforts towards provision of school improvement services and closer engagement with schools. One of the ways we will do this is through the *Co-operative Challenge* schools programme for both primary and secondary schools.

The *Co-operative Challenge* builds on the *Co-operative Identity Marque* (CIM) programme but is much more in-depth. It looks at not only the embedding of co-operative values but specifically teaching, learning and leadership and what improvement can be provided to ensure that the right outcomes for students are being delivered.

We are currently recruiting schools for the Co-operative Challenge.

Future Activity

One cause for concern that has been identified is the effectiveness of Trust Boards. To support this we will be rolling out online training of trustees in academies and trust schools in 2017.

We will also be working with the Co-op Group to help identify senior leadership in that organisation who can take on a position of responsibility as Trustees in the schools that the Co-op Group support.

The Young Co-operatives programme, which gives young people a practical introduction to co-operative enterprise by helping them to set up and run their own businesses will be relaunching in 2017.

Facts

- We support 656 co-operative schools
- We have over 1,300 subscribers to our weekly schools newsletter

“The process of working towards the CIM was a useful one. It enabled us to make a thorough audit of our provision across all 6 values. SLT were on board with gathering evidence for me as lead for CIM and made valuable contributions in the form of case studies.

It was good to meet with the other CIM leads in our Trust to share ideas and experiences during the process. We are all quite different schools and are at different stages in our journey of 'Co-operativeness.'

At Tameside we are now in our fourth year as a Cooperative Academy. Initially when our academy was formed, the Co-operative Values gave an amalgamating infant and junior school a shared vision for a way ahead. As time has passed the new school has evolved and the Co-operative Values have become our values and are now firmly embedded in all aspects of school life.

By far the most rewarding part of the CIM was our Peer Reviewer day as it was a very tangible way to involve all stakeholders. It was a privilege to sit in as an observer with different groups on that day, listening to the way they had taken ownership of the Values and could speak in a meaningful and purposeful way about them." Bev Allinson, Tameside Primary

The social and solidarity economy

SUSY, the international project promoting the social and solidarity economy in which the Co-operative College is a UK partner, began in October 2015.

Twenty-six organisations from 23 different countries are involved in 'SUSY', which stands for **S**ustainable and **S**olidarity **E**conomy. The project is co-financed by the European Union to promote alternative production and distribution methods, and different consumption and saving models, using the best practice of the social and solidarity economy as a starting point.

Purchasing groups, farmers' markets, ethical finance and bottom-up businesses are all good examples of the social and solidarity economy, as models of production, distribution, consumption and saving based on the principles of equity, sustainability, participation and close links with the local community.

The European SUSY project aims at the promotion of the best practices of the social and solidarity economy, as identified in Europe and in the world. Promoted by the non-governmental organisation Cooperation for the Development of Emerging Countries (COSPE) and with regional partners, including the Co-operative College and Think Global in the UK, within a broad international and European partnership, SUSY has a total duration of three years, to January 2018. The main goal of the project is to enhance the competence of local actors that are engaged in the social and solidarity economy, while promoting a new paradigm of economic development in order to fight poverty and diffuse an equitable and sustainable way of living.

Social and solidarity economy is a growing phenomenon, with approximately 6.5% of European workers directly employed in the sector according to figures shared by the European Parliament.

SUSY will develop four main strands: research, training, information/communication and advocacy. The research activities involve mapping best practice of social and solidarity economy in 46 territories of the European Union and in 10 countries from the rest of the world (Brazil, Bolivia, India, Israel, Malaysia, Mauritius, Mozambique, Palestine, Tunisia and Uruguay). These will be analysed and compared in several workshops throughout Europe and training conducted in the 46 territories

Communication and information activities include a website with a map of the most relevant experiences of social and solidarity economy, video case studies, speaker tours, competitions and film festivals. Public awareness will be raised through various local events, while the advocacy activities will mainly involve institutional representatives and politicians at the European and local level.

Progressing Global Co-operation

Malawi

The Co-operative College brought its experience of working with co-operatives in Africa to a food security initiative helping a farming community in Malawi. William Jackson Food Group (WJFG), the owner of Abel & Cole sponsored this project for five years.

The aim was to help villagers in the Ntcheu district of central Malawi to become self-sufficient by equipping them with the knowledge, skills and equipment needed to create a sustainable livelihood through organic farming techniques. A potential longer-term opportunity will be investigated to identify a route to market for surplus crops, possibly even via one or more of the WJFG food businesses.

The College's on the ground expertise in Malawi made it the perfect partner for this project as we have worked with Malawi Organic Growers Association (MOGA) in past and continue to work with them on projects to help support the growth and development of co-operatives in Malawi, funded by the Scottish government.

Our People

Colleagues

People are at the heart of the College and we recognise that we have a highly skilled, competent and committed team. During the year we have strengthened this through new appointments and have also sought to make best use of colleagues' experience and develop their skills by giving them opportunities to work outside their areas of responsibilities.

The College is passionate about being a learning organisation. As part of this culture we are committed to developing our team on an ongoing basis and supporting their personal development. Our colleagues participated in several away days, we host regular, optional lunchtime learning under the heading Holyoake House Hour as well as undertaking relevant professional development opportunities. We are delighted that Sheree, one of our finance team completed her Association of Accounting Technician exams and is now a member of the institute of Accounting Technicians.

During the period we implemented the College's new Reward & Recognition strategy. This strategy seeks to ensure that all colleagues are fairly rewarded for the work that they do. All colleagues are mapped to a role cluster and level that is appropriate to the requirements of their role. Each role cluster and level have specific salary bands ensuring that all colleagues are within the appropriate salary bands for their roles.

For the period of this report we are pleased to say that we are operating in line with the equitable pay scheme that was established in 2012. The College also ensures that all direct employees are paid the living wage as defined by the Living Wage Foundation and is seeking accreditation in the near future.

The Board, Executive and Leadership Team of the College would like to thank all the staff for their ongoing commitment in helping the College work towards its long term aim.

Executive Team

The trustees of the Co-operative College (all volunteers) delegate the day to day running of the organisation to the Chief Executive & Principal, along with two Vice Principals.

Executive team members are required to hold relevant professional qualifications to ensure that they are competent to manage and operate the College safely and effectively.

The current members of the College's Executive team are;

Simon Parkinson	Chief Executive & Principal
Cilla Ross	Vice Principal: Co-operative Education & Research
Emma Willder	Vice Principal: Finance & Resources

The Executive team's performance is monitored by the Board, and their commitment to our cause is expected to be demonstrated not only through this performance but also by their support of activities (such as events and functions) outside of working hours on a voluntary basis. The Executive team are also expected to represent the College on regional and national bodies in furtherance of our objectives.

Further information can be found on page (ref page re structure, governance etc.)

Financial Summary

Overview of Financial Results

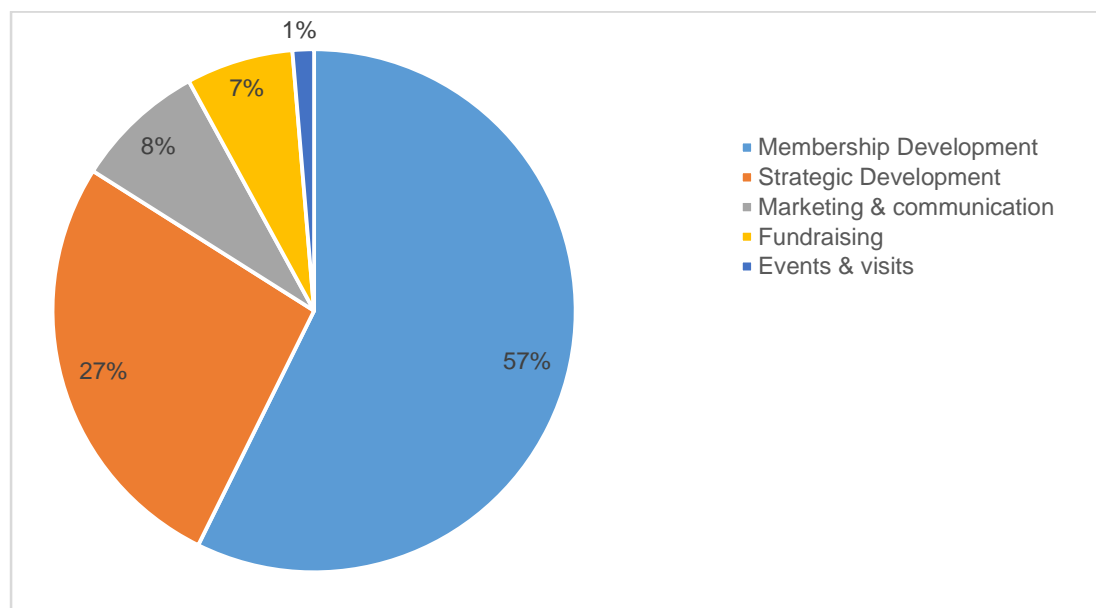
The Board of Trustees agreed to run an extended financial period for the first 15 months of the CIO's operation. This extended period brought the College into line with its new financial reporting period of August to July. The change was notified to the Charity Commission which had no objections.

We ended the 15 months with total charitable funds of £4,009,244 which was a reduction of £213,483 on the previous reporting period. Of this reduction £155,597 relates to a planned operating deficit with a further £45,295 on planned strategic investment. For further information please see the Statement of Financial Activities on page 27.

During the period we made significant progress towards our stated aim of an operational break even position by the end of the financial year ending 31 July 2019, as evidenced by an underlying operational deficit of £155,597 for the 15 month period compared to the operational deficit of £211,069 for 16 months in the previous charity.

Funds

The trustees agreed to strategic investment in a number of areas during the 15 month reporting period. An analysis of this investment is shown below:



This investment is fundamental to the future success of the College. The investment in Membership Development has allowed us to launch our individual membership offer which will be followed up with an organisational membership offer. We believe this will allow co-operative and like-minded organisations to make a direct investment into the work of the College. Our investment in both marketing, communications and fundraising will enable us to strengthen the core College team in these areas. These roles are key to us diversifying our income and fully utilising our

new Charitable Incorporated status. The result of this investment reduced the balance of the **College Endowment Fund** by £45,295.

The **Sally Mitchell legacy**, given to the College in 2014 to aid co-operative development in Lesotho was utilised in the period in order to finance a scoping visit where Derek Walker from the Wales Co-operative Centre , and Sarah Alldred from the Co-operative College, visited Lesotho in August 2015, to meet key co-operative stakeholders.

The outcome of the visit has been twofold:

- The Wales Co-operative Centre has subsequently sent out a colleague on a two month placement to work with Lesotho Youth Co-operative Alliance
- The College and the Wales Co-operative Centre have developed a project proposal for which we are now sourcing funding. This project will focus on creating a thriving and sustainable movement of youth co-operatives in Lesotho which, through increased market access, improves the livelihoods of young people.

Balance Sheet

The College balance sheet remains strong with £4,009,244 total funds. Of this £3.72 million is invested to provide the College with dividends, interest and investment growth as detailed below.

Investments

Investment Policy

The Board of Trustees have agreed that funds be invested in order that the interest arising can be used in the furtherance of the object of the charity.

In line with the College's commitment to co-operative values, wherever possible we will seek to invest within the co-operative family.

It is recognised that the College does not have expertise in making longer-term investment decisions for capital growth and as such have appointed investment advisers to manage the College's portfolio.

The aim is to receive income that is comparable to the interest that would have been received through deposit account and short-term money market deposits **and** to achieve capital growth of the funds in the medium to long term so that the income generating potential of the fund is not compromised.

Performance

For the period the average rate of return on interest and dividends was **2.9%**, with capital growth over the period being **£232,736**.

The Trustees are pleased with this performance and are comfortable that the above returns are within the policy.

Reserves

Reserves Policy

The Board of Trustees have taken a risk based approach to determine the appropriate level of unrestricted funds that the College should hold. All income streams and expenditure have been reviewed, based on an assessment of risk of these activities, the cost base of the College and taking account of the forward strategic plan. As a result the Board have agreed that unrestricted reserves should not fall below the minimum funds required should the College have an unplanned closure.

For the current period that minimum level of reserves is calculated at £276,000. The maximum level of reserves reflects the addition of the budgeted losses within this three year strategic planning cycle to July 2019. For the three year period this is £579,000. These calculations will be reviewed on an annual basis as part of the budgeting process.

Performance

During the year the Reserves Policy was reviewed as per the above policy statement. At the end of the period the unrestricted reserves of the College are £210,550. During the review it was accepted that by the end of the financial year we would not be at the levels stated within the policy. In order to ensure that the reserves are within the policy boundaries by the end of the next financial period the trustees have agreed a transfer from the College endowment fund to unrestricted funds to ensure that reserves are adequate for the three year strategic planning cycle.

Grant Making

The Co-operative College has a scholarship fund, the Co-operative Pioneers Memorial Fund, to assist learners attending College learning programmes and events. The purpose of the fund is *to advance education in particular but not exclusively by enabling learners facing financial difficulties to participate in programmes arranged by the College.*

During the period nine bursaries, with a total value of £1,176, were awarded to learners to enable them to attend and participate in the Co-operative College conference which took place in April 2016.

The feedback we received from learners who benefitted from a bursary was positive with comments such as:

"It was really rewarding to be able to discuss my own research within the context of the other panel participants and their research projects. I really enjoyed the dynamic debate around the notions of 'doing research co-operatively' and the lively discussion generated about Participant Action Research as a methodology. All in all it was a very stimulating day with a real sense of co-operation and shared ethos. Look forward to the next one!"

“Overall, I felt that there was a sense of dynamism and forward-looking research going on within the community; both within academia but also within ‘real-life’ practice, co-operatives and organisations. Hearing about the historical research that is going on in the archives is fascinating as well.”

“I was extremely grateful to receive the bursary to cover half of my attendance fee for day 1 of the Co-operative College’s Education Conference 2016, focusing on research, which I found to be an incredibly useful and interesting experience. The bursary enabled me to meet the costs of the event, as while I work full-time I did not have the available funding, especially together with the transport and accommodation costs required to attend.”

Further details on applying for a bursary can be found at <https://www.co-op.ac.uk/about/bursaries/>

Structure, Governance and Management

Governance of the Co-operative College is the responsibility of the trustees who act in an unpaid capacity.

Trustees meet at least four times as a collective with further sub committees meeting when required. For the Audit & Risk Committee this is a minimum of once per quarter. Meetings are attended by relevant members of the executive and where appropriate other colleagues.

The Chief Executive & Principal provides first line leadership. The key role of the Chief Executive provides clear leadership in policy making, strategic planning and executive management to deliver the College's objectives and ambitions. The Chief Executive & Principal is supported by the Vice Principal: Finance & Resources and the Vice Principal: Co-operative Education & Research. The Executive team is supported by a wider leadership team who are accountable for specific areas of the College's work.

Name	Role	Length of service	Professional Qualifications
Simon Parkinson	Chief Executive & Principal	17 months	Masters in Public Administration
Cilla Ross	Vice Principal: Cooperative Education & Research	2 years	PhD, Senior Fellow of the Higher Education Academy
Emma Willder	Vice Principal: Finance & Resources	13 years	Fellow of the Chartered Institute of Management Accountants

Remuneration for the Executive staff team is determined via the College's Reward & Recognition policy whereby all colleagues' roles are evaluated against specific role and salary bands. The role of the Chief Executive & Principal is external to these salary bands and is determined via the College's Remuneration and Employment Committee with reference to market conditions and specific skill sets.

Risk Management

The College's Trustees and management have a clear responsibility for:

- Identifying risks facing the business.
- Putting in place actions and procedures to mitigate and control risks.
- Monitoring risks

During the 15 months to 31 July 2016 the College reviewed its approach to risk management and further developed its risk management systems with the aim of the College becoming a risk embedded organisation. The implementation of this new approach is ongoing and seeks to engage colleagues at all levels.

Having reviewed the risks currently facing the College, the top strategic risks have been identified as:

- Financial sustainability.
- Culture change.

Though there is still work to do to mitigate these risks, we have taken a number of actions.

Financial Sustainability

We recognised that we had become reliant on the same sources of funding. In order to be a financially resilient and sustainable organisation we needed to diversify our sources of income. Therefore we have invested in developing a long term fundraising strategy that will enable us to articulate our work to external funders, provide evidence of need and ultimately have a positive impact on our beneficiaries. Work will continue on this in the forthcoming period as we seek to embed it throughout the College, bringing in new colleagues with expertise in this area.

In conjunction with this we have also invested in our individual membership offer and Marketing and Communications. We expect that will see these bear fruit over the next financial period.

Failure to change the organisational culture.

The College has gone through a period of significant change, from being an unincorporated charity with a sole corporate trustee, to a membership led charitable incorporated organisation. During the same period there was a change of senior leadership following the retirement of two key post holders and a strategic review of the College's long term aims and operations. This has led to a change in culture for the organisation which is still embedding. In order to ensure that the new culture is successful we have engaged an organisational design and development specialist. Alongside this we have undertaken a review of all Leadership Team roles and responsibilities to ensure that they match our strategic plan and ambition, as well as supplementing the team with new appointments.

Whilst it is still early days, we believe that we are beginning to see the results of this with colleagues feeling more empowered and engaged.

Internal Controls

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

The Co-operative College CIO has elected to work within the Co-operatives UK *Corporate Governance Code of Best Practice for Consumer Co-operative Societies*, revised 2013, where applicable.

Key procedures have been established, providing effective internal financial control. These include:

- Clearly defined lines of responsibility and delegation.
- Operation within approved financial regulations.
- Budget setting and approval.
- Regular review of performance and forecasts against the budget approved by the Trust's management team.
- Reporting to and review by the Trust's Audit and Risk Committee and Trustees on a regular basis.

Slade and Cooper Ltd (Chartered Certified Accountants) were appointed as Internal Auditors to the College in May 2013. In the period to 31 July 2016 the Internal Auditors reviewed the following areas:

- Cost recovery
- Human Resources Management system
- Follow up to 2014/15 audits

Slade & Cooper have given the following statement:

Slade & Cooper's internal audit work is carried out in accordance with the International Standards for the Professional Practice of Internal Auditing issued by The Institute of Internal Auditors. The focus of this work is on the evaluation and improvement of the effectiveness of risk management, internal controls and governance.

Risks are categorised as low, medium or high with relevant recommendations being made for future improvement of the College's procedures with a view to reducing risk. Any identified risks considered to be medium or high are highlighted within the internal audit report.

Where appropriate, recommendations are made – these may be specific or general in nature, relating to specific risks or otherwise.

During the period under review no issues were categorised as high risk. All recommendations were received positively, responded to and acted upon.

Trustee Method of Appointment

The interim Board of Trustees were appointed on 6 November 2014 following an open recruitment process advertised nationally within the charity, education and co-operative sectors by the corporate trustee of the former unincorporated Trust. Two of the trustees were also on the Board of Governors of the former unincorporated charity. One trustee was appointed by Co-operatives UK, the former corporate Trustee of the former unincorporated charity. The seven Trustees of the CIO were also the first members of the CIO. A further two further trustees were co-opted in accordance with clause 12 of the constitution, to serve as staff and student governors up until the date of the first AGM. These governors had previously been elected to serve as staff and student governors on the Board of the former unincorporated charity.

At the inaugural Annual General Meeting (AGM), which took place on 21 April 2016, all the interim trustees retired from office. New trustees were appointed following an election process.

The maximum number of Board members is 12, made up from the following categories:

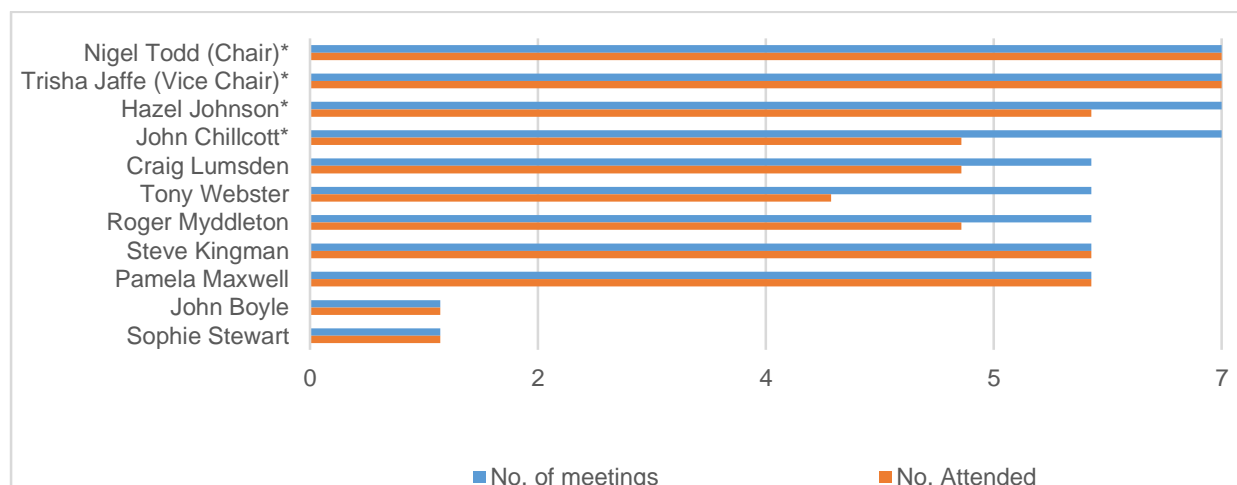
- Up to seven Board members can be elected by and from the membership.
- Up to two Board members can be appointed by co-option by the Board of Governors for their particular skills and/or experience.
- One Board member who is a student/learner at the College can be nominated and elected by the students/learners.
- One Board member who is a member of the College staff can be nominated and elected by staff of the College.
- Up to one Board member can be appointed by Co-operatives UK.

The interim trustees determined that 4 places were up for election by and from the membership. This was to reflect that fact that only the individual membership offer had been launched, with the organisational offer not due until late 2016.

Following a contested election, overseen by the Electoral Reform Service (ERS) the following candidates were elected:

Nigel Todd	previous interim trustee	3 year term of office
Trisha Jaffe	previous interim trustee	3 year term of office
Hazel Johnson	previous interim trustee	3 year term of office
John Boyle		3 year term of office

During the 15 months the trustees meet on seven occasions. Overall average trustee meeting attendance was 90%. The graph below shows attendance by trustee.



*Interim trustees

Audit and Risk Committee

The Audit and Risk Committee is a statutory committee of the trustees with its membership being as follows;

Committee Chair appointed by the Trustees	1
Member of the Trustee Board	1
Co-opted with relevant experience	2
Total	4
Quorum	2

For the 15 months to 31 July 2016 the members of the Audit and Risk Committee were as follows:

Roger Myddleton (Chair)	Retired 21 April 2016	Board member
John Chillcott (Chair from 6 May 2016)		Board member
Geoff Clarke	Retired 9 June 2016	Co-opted
Dave Thomson	Retired 9 June 2016	Co-opted
Trisha Jaffe	Appointed 6 May 2016	Board member

Public Benefit

In planning and delivering our services and activities the Trustees and management of the College confirm that they have complied with the duty in Section 4 of the Charities Act 2011 to have due regard to public benefit guidance by the Charity Commission in delivering the activities undertaken by the Charity.

The College's charitable objective is *to promote the education of the public, in particular, but not exclusively, by the provision and conduct of a College for the education of people in a manner consistent with the values and principles of the co-operative movement.*

The College's activities as described in this report are considered to meet the public benefit requirement as specified in the Charities Act 2011.

Legal and Administrative Information

Status and Charity Number

The Co-operative College was founded in 1919 and is registered with the Charity Commission as a Charitable Incorporated Organisation (registration date 6 November 2014); Registered charity number 1159105.

Governing Document

The Charity is administered in accordance with a constitution for a Charitable Incorporated Organisation, registered with the Charity Commission on 6 November 2014 and amended on 16 December 2015 and 28 June 2016.

The College is a designated further education institution under the Education Acts. The Education Act 2011 allowed greater flexibility for Colleges to put into place their own legal constitution (amending or replacing the former Instrument and Articles of Government previously approved by the Secretary of State for Business Innovation and Skills) provided it meets the minimum requirements of Schedule 4 of the relevant part of The Education Act 2011 applicable to 'designated' Colleges.

The object of the charity is to promote the education of the public, in particular, but not exclusively by the provision and conduct of the college for the education of people in a manner consistent with the values and principles of the co-operative movement.

Board of Trustees

The Board of Trustees for the 15 months to 31 July 2016 were as follows:

Nigel Todd (Chair)*	Membership	Appointed 21 April 2016
Trisha Jaffe (Vice Chair)*	Membership	Appointed 21 April 2016
Hazel Johnson*	Membership	Appointed 21 April 2016
John Boyle	Membership	Appointed 21 April 2016
Craig Lumsden	Interim trustee	Retired 21 April 2016
Tony Webster	Interim trustee	Retired 21 April 2016
Roger Myddleton	Interim trustee	Retired 21 April 2016
Steve Kingman	Interim trustee (Staff)	Appointed 1 May 2015 Retired 21 April 2016
Pamela Maxwell	Interim trustee (Learner)	Appointed 1 May 2015 Retired 21 April 2016
John Chillcott*	Co-operatives UK	Appointed September 2015
Sophie Stewart	Staff	Appointed 21 April 2016

*Interim trustees originally appointed 6 November 2014

Principal Advisors

Bankers: Co-operative Bank plc
Balloon Street
Manchester
M60 4EP

Auditor: KPMG LLP
Chartered Accountants
Registered Auditor
1 St Peter's Square
Manchester
M2 3AE

**Internal
Auditors** Slade and Cooper Ltd
Chartered Certified Accountants
Green Fish Resource Centre
46-50 Oldham Street
Manchester
M4 1LE

Approved by the trustees on 7 February 2017 and signed on their behalf by:

Nigel Todd
Chair of the Board of Trustees

Statement of Trustees' Responsibilities in Respect of the Trustees' Annual Report and the Financial Statements

Under charity law, the trustees are responsible for preparing the Trustees' Annual Report and the financial statements for each financial year which show a true and fair view of the state of affairs of the charity and of the excess of expenditure over income for that period. The trustees have elected to prepare the financial statements in accordance with FRS 102 *The Financial Reporting Standard applicable in the UK and Republic of Ireland*.

In preparing these financial statements, generally accepted accounting practice entails that the trustees:

- select suitable accounting policies and then apply them consistently;
- make judgements and estimates that are reasonable and prudent;
- state whether the recommendations of the Statement of Recommended Practice have been followed, subject to any material departures disclosed and explained in the financial statements;
- state whether the financial statements comply with the trust deed [and rules], subject to any material departures disclosed and explained in the financial statements;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the charity will continue its activities.

The trustees are required to act in accordance with the trust deed of the charity, within the framework of trust law. They are responsible for keeping proper accounting records, sufficient to disclose at any time, with reasonable accuracy, the financial position of the charity at that time, and to enable the trustees to ensure that, where any statements of accounts are prepared by them under section 132(1) of the Charities Act 2011, those statements of accounts comply with the requirements of regulations under that provision. They have general responsibility for taking such steps as are reasonably open to them to safeguard the assets of the charity and to prevent and detect fraud and other irregularities.

Independent Auditors' Report to the Trustees of the Cooperative College CIO

We have audited the financial statements of the Co-operative College CIO for the 15 months ended 31 July 2016 set out on pages 27 to 38. The financial reporting framework that has been applied in their preparation is applicable law and UK Accounting Standards (UK Generally Accepted Accounting Practice), including FRS 102 *The Financial Reporting Standard applicable in the UK and Republic of Ireland*.

This report is made solely to the charity's trustees as a body, in accordance with section 144 of the Charities Act 2011 (or its predecessors) and regulations made under section 154 of that Act. Our audit work has been undertaken so that we might state to the charity's trustees those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the charity and its trustees as a body, for our audit work, for this report, or for the opinions we have formed.

Respective Responsibilities of Trustees and Auditor

As explained more fully in the Statement of Trustees' Responsibilities set out on page 24 the trustees are responsible for the preparation of financial statements which give a true and fair view.

We have been appointed as auditor under section 144 of the Charities Act 2011 (or its predecessors) and report in accordance with regulations made under section 154 of that Act. Our responsibility is to audit, and express an opinion on, the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's *Ethical Standards for Auditors*.

Scope of the Audit of the Financial Statements

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

Opinion on Financial Statements

In our opinion the financial statements:

- give a true and fair view of the state of the charity's affairs as at 31 July 2016 and of its incoming resources and application of resources for the period then ended;
- have been properly prepared in accordance with UK Generally Accepted Accounting Practice; and
- have been properly prepared in accordance with the requirements of the Charities Act 2011.

Matters on Which we are Required to Report by Exception

We have nothing to report in respect of the following matters where the Charities Act 2011 requires us to report to you if, in our opinion:

- the information given in the Trustees' Annual Report is inconsistent in any material respect with the financial statements; or
- the charity has not kept sufficient accounting records; or
- the financial statements are not in agreement with the accounting records; or
- we have not received all the information and explanations we require for our audit.

Julie Radcliffe

for and on behalf of KPMG LLP, Statutory Auditor

Chartered Accountants

KPMG LLP

1 St Peter's Square

Manchester

M2 3AE

Date:

KPMG LLP is eligible to act as an auditor in terms of section 1212 of the Companies Act 2006

Co-operative College Statement of Financial Activities for 15 months ending 31 July 2016

	Notes	Unrestricted Funds	Restricted Funds	Endowment Funds	Total Funds 31 July 2016
		£	£	£	£
Income and endowments from:					
Donations and legacies	2	9,925	-	-	9,925
Charitable activities	3	1,123,648	-	-	1,123,648
Investments		115,941	20,181	-	136,122
Other income	1	45,295	-	(45,295)	-
Net transfer from previous charitable entity	1	366,147	644,201	3,212,380	4,222,728
Total		1,660,956	664,382	3,167,085	5,492,423
Expenditure on:					
Raising funds		15,231	-	-	15,231
Charitable activities	5	1,693,448	7,236	-	1,700,684
Total		1,708,679	7,236	-	1,715,915
Net gains / (losses) on investments	11	232,736	-	-	232,736
Net Income / (Expenditure)		185,013	657,146	3,167,085	4,009,244
Transfers between funds	14	25,537	-	(25,537)	-
Net Movement in Funds	14	210,550	657,146	3,141,548	4,009,244
Reconciliation of Funds					
Total funds brought forward		-	-	-	-
Total Funds Carried Forward		210,550	657,146	3,141,548	4,009,244

Co-operative College Balance Sheet as at 31 July 2016

	Notes	Total Funds 31 July 2016 £
Fixed Assets		
Tangible assets	9	25,480
Intangible assets	10	23,361
Investments	11	3,721,922
Total Fixed Assets		3,770,763
Current Assets		
Debtors and prepayments	12	299,308
Stock		12,048
Cash at bank and in hand	16	123,573
Total Current Assets		434,929
Liabilities		
Creditors: amounts falling due within one year	13	196,448
Net current assets		238,481
Net Assets		4,009,244
The Funds of the Charity		
Endowment funds	14	3,141,548
Restricted funds	14	657,146
Unrestricted funds	14	210,550
Total Charitable Funds		4,009,244

Co-operative College Cashflow Statement for 15 Months Ended 31 July 2016

	Notes	15 Months ended 31 July 2016 £
Cash flows from operating activities:		
Net cash used in operating activities	15	<u>(282,664)</u>
Cash flows from investing activities:		
Dividends and interest from investments		136,122
Purchasing of plant and equipment		(5,150)
Purchasing of intangible fixed assets		(24,735)
Proceeds from sale of investment		300,000
Net cash provided by investing activities		<u>406,237</u>
Change in cash and cash equivalents in the reporting period		123,573
Cash and cash equivalents at the beginning of the reporting period		<u>0</u>
Cash and cash equivalents at the end of the reporting period		<u>123,573</u>

Notes To The Accounts

1 Accounting Policies

a Basis of preparation and assessment of going concern

The financial statements of the charity, which is a public benefit entity under FRS 102, have been prepared under the historical cost convention in accordance with the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS 102), the Accounting and Reporting by Charities: Statement of Recommended Practice applicable to charities prepared their accounts in accordance with the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS 102), Charities SORP FRS 102 and the Charities Act 2011.

Having considered the projections of income and expenditure over the next 3 years, the total funds available and cashflows, the Trustees consider that there are no material uncertainties about the College's ability to continue as a going concern.

b Income recognition

All income is recognised when there is an entitlement to the funds, the receipt is probable and the amount can be measured reliably. Grants are recognised when received or in accordance with the conditions set by the funding provider. Project income is recognised on actual work completed to the end of the period. Donations are recognised when the College receives the funds.

c Expenditure

Expenditure is recognised on an accruals basis and is spent in line with the appropriate income, or in the case of core costs (staffing, rent etc.) in line with invoices and contracts of employment.

Charity expenditure enables the Co-operative College to meet its charitable objective.

d Fund accounting

- i *Unrestricted funds*: These are funds that can be used in accordance with the Co-operative College's charitable objective at the discretion of the Trustees.
- ii *Restricted funds*: These are funds received for undertaking an activity specified by the donor.
- iii *Endowment funds*: These are funds where the assets must be held permanently by the charity, principally in the form of investments.

e Tangible fixed assets

Tangible fixed assets are stated at cost less the accumulated depreciation. Depreciation is calculated in equal monthly amounts based on cost. The following minimum rates are applied:

Plant, fixtures and fittings	10% - 33% per annum
Information technology equipment	25% per annum

f Intangible fixed assets

Intangible fixed assets are stated at cost less the accumulated amortisation. Amortisation is calculated in equal monthly amounts based on cost. The following minimum rates are applied:

Technology investment	25% per annum
-----------------------	---------------

g Investments

Investment income is recognised on an accruals basis. Fixed Asset investments are managed by Royal London Asset Management and are invested in a Sustainable Diversified Fund.

h Grants

In 2015/16 the College received the following grants and funding:

	Revenue	Capital	Total 2015/16
	£	£	£
From the Scottish Government International Development Fund:			
Co-operative Pathways Project	138,655		138,655
	138,655	-	138,655

i Allocation of support and governance costs

Support costs are those functions that assist the work of the College but do not directly undertake charitable activities. Support costs include back office costs, finance, personnel, payroll and governance costs which support the College's programmes and activities.

These costs have been allocated to expenditure on charitable activities apportioned as set out in note 4.

j Other income

On 31 March 2016 the trustees approved the College's three year strategic plan and accompanying investment request. This strategic investment allows the College to draw upon endowment funds for capacity building, development of systems, resources and services and in expertise to develop marketing, communications and fundraising functions. Within 2015/16 £45,295 was invested from The Co-operative College Fund and is reflected as Other Income within unrestricted funds.

k Net transfer from previous charitable entity

In 2014 the Co-operative College undertook a review of its legal structure and governance arrangements. As a result of this review with effect from 1 May 2015 all assets and liabilities of the Co-operative College (registered charity no. 1060008) were transferred to the new charitable incorporated organisation, the Co-operative College (registered charity no. 1159105). The breakdown of the transfer by fund is detailed in note 14.

2 Income from Donations and Legacies

	£
Donations	9,925
	9,925

3 Charitable Income

	Learning & Development	Schools Programmes	Membership	Events	Research	Projects	Heritage*	Central	Total 2015/16
	£	£	£	£	£	£	£	£	£
Course and programme fees	68,020	7,308	-	-	7,412	-	-	360	83,100
Projects	137	12,765	-	-	20,000	348,488	18,667	-	400,057
Consultancy	-	59,815	-	-	-	-	-	-	59,815
Service level agreement	-	-	-	-	-	-	251,200	49,999	301,199
Core funding	-	-	-	-	-	-	-	214,999	214,999
Miscellaneous	499	2,958	-	-	-	2,530	356	2,870	9,213
Other charitable income	20,071	280	1,258	33,656	-	-	-	-	55,265
	88,727	83,126	1,258	33,656	27,412	351,018	270,223	268,228	1,123,648

* All activities related to Heritage are charged back to the Co-operative Heritage Trust under a management agreement. Reporting on these activities can be found in the annual report and accounts of the Co-operative Heritage Trust.

4 Allocation of Governance and Support Costs

The breakdown of support costs and how these were allocated in the table below:

Cost Type	Total Allocated	Governance	Other Support Costs	Basis of Apportionment
	£	£	£	
Administration	44,089	2,221	41,868	Expenditure
Central Staffing	415,116	29,968	385,148	Expenditure
Infrastructure	95,549	2,383	93,166	Expenditure
Professional fees	28,938	-	28,938	Expenditure
Travel	20,760	1,170	19,590	Expenditure
Governance costs (Below)	26,863	26,863	-	Expenditure
Total	631,315	62,605	568,710	

Governance Costs:

2015/16

£

Trustee expenses	6,809
Internal auditor	4,019
External auditor	11,605
Legal fees	4,430
	26,863

5 Charitable Expenditure

	Learning & Development	Schools Programmes	Events	Research	Projects	Heritage	Total 2015/16
	£	£	£	£	£	£	£
Direct staffing costs	297,130	70,676	-	-	74,643	229,593	672,042
Direct costs of delivery	24,913	42,924	5,202	5,300	197,917	-	276,256
Administration	5,777	3,403	10,124	227	3,895	4,560	27,986
Infrastructure and premises	24,948	4,016	-	-	2,457	31,518	62,939
Professional fees	-	3,659	600	-	-	90	4,349
Travel	10,097	6,135	2,338	136	1,841	4,201	24,748
Miscellaneous	811	212	-	-	25	1	1,049
Other support costs (see note 4)	193,409	69,682	9,713	3,011	149,323	143,572	568,710
Governance costs (see note 4)	21,291	7,671	1,069	331	16,438	15,805	62,605
	578,376	208,378	29,046	9,005	446,539	429,340	1,700,684

6 Employee Costs

The College considers its key management personnel to comprise the trustees, Chief Executive & Principal, Vice Principal - Co-operative Education & Research, Vice Principal - Finance & Resources.

The College seeks to ensure that all colleagues are fairly rewarded for the work that they undertake. All colleagues are appointed to a role cluster and level that is appropriate to the content of their role. Each role cluster and level has specific salary bands.

The average number of colleagues employed by the College was:

	2015/16
Full time	14.3
Part time	9.9
	24.2
Full time equivalents	20.4

The costs incurred in respect of these employees were:

	15 months to 31 July 2016
	£
Salaries & wages	870,048
Social security	82,398
Pension	92,792
Other	27,130
	1,072,368

7 Key Management Personnel

The total remuneration for the key management personnel was as follows:

	15 months to 31 July 2016 £
Salaries	241,610
Pension contributions	22,368
	<u>263,978</u>

The remuneration of the Chief Executive & Principal, who is the highest paid employee and included in the above figures is as follows:

	15 months to 31 July 2016 £
Salary	96,875
Pension contributions	7,750
	<u>104,625</u>

The number of members of the key management personnel (including the Chief Executive & Principal) whose remuneration, excluding pension contributions, falls into the following bandings:

	15 months to 31 July 2016
£90,000 - £100,000	1
£70,001 - £80,000	1
£60,001 - £70,000	1
	<u>3</u>

8 Trustee Remuneration

The trustees received no remuneration in the performance of their duties.

9 Tangible Fixed Assets

	IT Equipment	Plant, fixtures and fittings	Total
	£	£	£
Cost			
01 May 2015	-	-	-
Transfer from previous charitable entity	50,532	70,183	120,715
Additions	3,334	1,816	5,150
31 July 2016	53,866	71,999	125,865
Depreciation			
01 May 2015	-	-	-
Transfer from previous charitable entity	28,474	53,792	82,266
Charge for year	10,738	7,381	18,119
31 July 2016	39,212	61,173	100,385
Net book value at 1 May 2015	-	-	-
Net book value at 31 July 2016	14,654	10,826	25,480

10 Intangible Fixed Assets

	Website	Total
	£	£
Cost		
01 May 2015	-	-
Transfer from previous charitable entity	-	-
Additions	24,735	24,735
31 July 2016	24,735	24,735
Amortisation		
01 May 2015	-	-
Transfer from previous charitable entity	-	-
Charge for year	1,374	1,374
31 July 2016	1,374	1,374
Net book value at 1 May 2015	-	-
Net book value at 31 July 2016	23,361	23,361

11 Fixed Asset Investments

	£
1 May 2015	-
Transfer from previous charitable entity	3,789,186
Divestments	(300,000)
Investment gain	232,736
31 July 2016	3,721,922

The investments represent funds placed in a Sustainable Diversified Fund with Royal London Asset Management. Funds were divested during the year for cashflow purposes and to fund the day to day costs of the College.

12 Debtors

	31 July 2016
	£
Trade debtors	72,470
Project debtors	29,346
Accrued income	152,566
VAT	8,921
Taxation and social security	363
Prepayments	32,548
Other debtors	3,094
	299,308

13 Creditors

	2015/16
	£
Trade creditors	48,887
Project creditors	78,629
Accruals	64,902
Other deferred income	4,030
	196,448

14 Charitable Funds

	Balance at 1 May 2015	Transfer from Previous Charitable Entity	Income	Expenditure	Transfers Between Funds	Balance at 31 July 2016
	£	£	£	£	£	£
Endowment Funds:						
Lady Hayward Bequest	-	1,000	-	-	(1,000)	-
Endowment Fund	-	24,537	-	-	(24,537)	-
Co-operative College Fund	-	3,186,843	(45,295)	-	-	3,141,548
	-	3,212,380	(45,295)	-	(25,537)	3,141,548
Restricted Funds:						
Les Stannard	-	31,830	974	(996)	-	31,808
Co-operative Pioneers Memorial Fund	-	607,224	19,175	(1,177)	-	625,222
Joyce & Vic Butler	-	112	4	-	-	116
Sally Mitchell	-	5,035	28	(5,063)	-	-
	-	644,201	20,181	(7,236)	-	657,146
Unrestricted Funds:						
Revenue Reserves	-	366,147	1,527,545	(1,708,679)	25,537	210,550
Total Charitable Funds	-	4,222,728	1,502,431	(1,715,915)	-	4,009,244

Following a review of funds during the year the trustees agreed that the Lady Haywood Bequest and Endowment Fund be transferred to Unrestricted Funds. This was following advice from the Charity Commission.

Sufficient resources are held in an appropriate form to enable the funds to be applied in accordance with any restrictions imposed.

Analysis of net assets between funds:

	Unrestricted Funds	Restricted Funds	Endowment Funds	Total
	£	£	£	£
Tangible assets	25,480	-	-	25,480
Intangible assets	23,361	-	-	23,361
Fixed asset investments	161,709	657,146	2,903,067	3,721,922
Current assets	-	-	434,929	434,929
Current liabilities	-	-	(196,448)	(196,448)
	210,550	657,146	3,141,548	4,009,244

15 Reconciliation of Net Incoming Resources to Net Cash Outflow from Operating Activities

	2015/16 £
Net income for the reporting period (as per the statement of financial activities)	4,009,244
Adjustments for:	
Fixed Assets transferred	(120,715)
Depreciation charges transferred	82,266
Investments transferred	(3,789,186)
Depreciation charges	18,119
Amortisation charges	1,374
Gains on investments	(232,736)
Dividends and interest from investments	(136,122)
Increase in stock	(12,048)
Increase in debtors	(299,308)
Increase in creditors	196,448
Net cash used in operating activities	<u>(282,664)</u>

16 Analysis of Cash and Cash Equivalents

	At 1 May 2015	Cash flows	At 31 July 2016
Cash at bank and in hand	-	123,573	123,573
Total cash and cash equivalents	<u>-</u>	<u>123,573</u>	<u>123,573</u>

17 Contingent Liabilities and Capital Commitments

The College has no contingent liabilities or capital commitments as at the balance sheet date.

18 Related Party Transactions

The following are related party transactions, as defined by Financial Reporting Standard 102, section 33, together with details of notable transactions.

The Co-operative Heritage Trust

The Co-operative College is one of the founding members of the Co-operative Heritage Trust. The College runs the day to day management of the Co-operative Heritage Trust under a management

Amounts of £337,163 and £947 were receivable from and payable to the Co-operative Heritage Trust for the 15 month period. There were no balances outstanding at the period end.