

St John Rigby College

**Report and Financial Statements for the
Year Ending 31 July 2014**

OPERATING AND FINANCIAL REVIEW

The members present their report and the audited financial statements for the year ended 31st July 2014.

Legal Status

The Governing Body was established under the Further and Higher Education Act (1992) for the purpose of conducting St John Rigby College. The College is an exempt charity for the purposes of the Charities Act 1993 as amended by the Charities Act 2012.

All land and buildings used by the College are in the ownership of the Trustees of the Roman Catholic Archdiocese of Liverpool who appoint the majority of the governing body (foundation governors).

Background to the College

St John Rigby College is a co-educational open-access Sixth Form College which was the first Roman Catholic sixth form college to be established in England in 1972. It takes its name from and is dedicated to the memory of a local man who was martyred at Southwark in 1600. The College was formed in 1972 as part of the reorganisation of Catholic secondary education in Wigan when Wigan was part of the county of Lancashire. After local government reorganisation in 1974 and the creation of the Metropolitan Borough of Wigan, the College continued as the recognised provider of Roman Catholic sixth form education to parts of Lancashire, although there were no longer formal links with the education authority.

From 1 April 1993 the College became an independent designated College funded by the Further Education Funding Council under the trusteeship of the Archdiocese of Liverpool. From April 2001, the Learning and Skills Council took on responsibility for funding. This responsibility altered following the Machinery of Government changes in April 2010 at which time the Young People's Learning Agency was established as the funding body for 16-18 provision. This has been superseded by the Education Funding Agency.

The College exists primarily to serve the post-16 educational needs of the Catholic community in these areas, being the sixth form for the 3 Catholic 11-16 High Schools in Wigan and the Catholic high schools in Horwich, Skelmersdale and Ormskirk. It also draws Catholic and non-Catholic students from other schools in the area.

Mission

We are a Catholic College dedicated to the education and development of the whole person and supporting all students to realise their full potential. In becoming an outstanding learning organisation SJR will have a strong sense of purpose and a commitment to shared values within a Christian community. We will establish a unique and challenging environment where every individual is valued, talents are recognised and nurtured, achievements are celebrated and dedication is rewarded. To achieve this as a community we will:

- Welcome all students who are happy to be educated within a Christian environment
- Value the uniqueness and dignity of each individual
- Deliver the highest standards of teaching and learning
- All show a commitment to our work and the Christian values of the College
- Provide equality of opportunity, with mutual respect and positive encouragement
- Build and further develop local, national and international partnerships

Core values in daily life at St John Rigby College are expressed as:

- Genuine concern for others
- Support for and challenge of one another
- High standards and expectations
- Consistency and perseverance
- Recognition of talents, progress and achievements

OPERATING AND FINANCIAL REVIEW / Cont'd...

The College's educational mission will seek to reflect our recognition of the importance of being a Catholic College for the local community, offering a range of courses providing opportunities for students with GCSE grades ranging from G-A* and responding to students at entry level. The College stresses the importance of inclusive education and lifelong learning and seeks to offer progression in all curriculum areas. In order to meet the needs of all students the College has continued to broaden its vocational programme to complement A level provision and offer choice at level 1, 2 and 3.

Implementation of strategic plan

In July 2014 the College adopted a strategic plan for the period 1st August 2014 to 31st July 2016. This strategic plan includes a financial plan and the Governing Body monitors the performance of the College against this plan. The plan is reviewed and updated each year. The College reviewed its strategic objectives in February 2013. The College's strategic objectives are:

1. To embed a learning culture which improves the standards of student achievement, raises aspirations and promotes excellence across the full range of the College curriculum. We will focus on three key areas of outcomes for learners:
 - 1.1 *Improving the consistency of outcomes across all courses*
 - 1.2 *Raising student success rates and challenging all courses to exceed Sixth Form College national benchmarks*
 - 1.3 *Continuing to improve the proportion of students achieving high grades and achieving a positive value added score for all courses*
2. To widen student participation, in partnership with other providers, through the offer of a comprehensive range of high quality courses that meet the needs of our students and support developments and provision within partner high schools.
3. To work collaboratively with groups within the College's local and extended community.
4. To further develop the estate to provide an outstanding learning environment for the whole College community.
5. To sustain a culture where all staff are committed to SJR's core values, where continuous professional development is encouraged and organisational efficiency and effectiveness are achieved.
6. To maintain the College's financial stability in order to implement the College Development Plan.

The College Development Plan details improvement actions against each of these objectives and concludes with targeted milestones for key performance indicators. Early indications are that performance targets have been exceeded for A2 and BTEC Level 3 provision but there has been a decline in the AS pass rate and the GCSE A*-C pass rate. However, it should be noted that both of these indicators remain significantly above national sixth form benchmarks.

OPERATING AND FINANCIAL REVIEW / Cont'd...

The specific objectives set by the College for 2013/14 and achievement of those objectives is addressed below.

- The College achieved 1,221 learners at the six week census date in October 2012 which provided the lagged learner funded numbers for 2013/14. In 2013/14 the College was, therefore funded for only 1,221 learners but provided education for 1,379 students. The 2014 student enrolment numbers are extremely positive and at the October census date will be at record levels, with 1,440 students anticipated.
- The College has maintained academic stability but the impact of a lagged learner number funding model has had a significantly negative financial impact on the 2013-14 operating results. A large operating deficit has significantly reduced levels of cash reserves. The College has managed to maintain cash days in hand of 38, a current ratio of 2.6:1 and accumulated reserves of 26% of income.

Financial Objectives

The College's financial objectives are:

- To return to an Operating Surplus in 2014/2015 and to continue to generate an operating surplus in 2015/16.
- To ensure cash inflows exceed cash outflow throughout the period of this plan excluding the timing differences associated with BCIF grants.
- The College will maintain cash days of 30 or more at all times
- The College is to maintain positive cash balances of at least £500k throughout its operations.
- The College is aiming to have a current ratio of assets to liabilities of a minimum of 1.5 in 2014/15. A current ratio of at least 1.5 to be maintained in perpetuity.
- To control staff costs with a view to achieving staff costs as a percentage of income at below 70% or lower throughout the period of this plan.
- The College will continue its membership of the Crescent Purchasing Consortium/Government Procurement Service and will continue to seek to secure VFM savings through professionally negotiated centralised purchasing arrangements throughout the duration of this plan.
- The College will continue to review its contracts wherever possible substituting existing suppliers with CPC and or Government Procurement Service suppliers.
- The College will continue to seek out other opportunities for generating income e.g. catering, a College shop, sports facilities, and teaching/meeting facilities.

A series of performance indicators have been agreed to monitor the successful implementation of the policies.

OPERATING AND FINANCIAL REVIEW / Cont'd...

FINANCIAL POSITION

Financial Results

The College reported an historical cost deficit of £232,011 (2012/13 – surplus £49,535) for the year ending 31st July 2014.

The College has accumulated reserves of £1,965,014 and cash balances of £945,213.

Tangible fixed asset additions during the year amounted to £1,876,725. This included £646,638 of expenditure in completion of the Harrock building. Grant funding of £500,000 out of a total grant awarded of £757,542 from the previous round of the Education Funding Agency (EFA) Building Condition Improvement Fund was used in support of this expenditure. It also includes £755,410 of expenditure on the new Sports Hub building in addition to £380,525 of expenditure on the sports hall, science labs and drama theatre which has for the most part been funded out of a total grant awarded of £1,134,138 from the EFA's Building Condition Improvement Fund.

The College has significant reliance on the Education Funding Agency for its principal funding source, largely from recurrent grants. In 2013/14 the Education Funding Agency provided 83.3% of the College's total income.

Treasury policies and objectives

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

The College incorporates its treasury management policy within its Financial Regulations.

The College currently banks with Barclays Bank plc. All Current Account funds are placed with them so that there are no risks to the College. Surplus funds are transferred automatically via an end of day facility into a Business Premium Account (BPA) which attracts a higher rate, albeit low, rate of interest. Funds are transferred automatically to and from this BPA Account and the College's current account leaving a constant end of day balance of £20,000 in the College's current account.

Due to the existing level of borrowings, all borrowings require the authorisation of the Governing Body and shall comply with the requirements of the Financial Memorandum agreed with the Education Funding Agency.

Cash flows

At a positive £273,451 (2012/13 £277,635), operating cash outflow arises from a lagged funding model which provided funds for 1,221 students but the College actually delivered education for 1,379 students. The net cash outflow for the year resulted from this in addition to net cash outflows of £70,523 from Investments and Servicing of Finance, net outflows of £408,265 from Capital Expenditure and Financial Investment and net outflows of £122,352 from Financing.

Liquidity

The College has not entered in to any further borrowing arrangements during the year.

The size of the College's total borrowing and its approach to interest rates has been calculated to ensure a reasonable cushion between the total cost of servicing debt and operating cash flow. During the year this margin was exceeded.

OPERATING AND FINANCIAL REVIEW / Cont'd...

CURRENT AND FUTURE DEVELOPMENT AND PERFORMANCE

Student Numbers

- In 2013/14 the College achieved 1,379 learners, at the six week census date in October 2013. In 2013/14 the College was, however, actually funded for 1,221 learners (lagged learner numbers from 2012/13). 1,379 learners was the number used to determine the 2014/15 funding allocation.

Student Achievement

The year's results for A2 have remained above 99% (A-E Grades). A2 High Grades are up from 32% to 39.7%. AS pass rates (A-E Grades) have dropped from 93.8% in 2013 to 91.0% in 2014. There has also been an increase in High Grades at AS level from 31.2% in 2013 to 38.0% in 2014.

	2014	2013
Y13 A2 A-E *	99.0%	99.2%
A2 High Grades	39.7%	32%
AS A-E *	91.0%	93.8%
AS High Grades	38%	31.2%
VOC Level 3	100%	100%

GCSE A*-C	45.2%
GCSE A*-G	100%
Intermediate Merit or Distinction	92.3%
Intermediate Pass, Merit or Distinction	100%
Foundation Pass, Merit or Distinction	100%

Curriculum Developments

The College is developing its curriculum and aiming to establish a clear distinctive niche. This involves maintaining a majority of Advanced Level courses while developing clear curriculum pathways in vocational areas from Entry Level to Level 3. This curriculum mix has proved increasingly attractive to young people and over recent years there have been significant improvements in recruitment and achievement.

Student numbers have increased from 1,221 at the October 2012 census date to 1,379 at the October 2013 census date, studying a mixture of AS and A2, BTEC, and Foundation programmes.

In 2013-14 45% of the College's 16-19 population was Catholic and in recent years a growing number of students from other schools have found themselves attracted to the College's mission and ethos. There is a broad and inclusive curriculum comprising AS/A2 subjects as well as vocational options. This means that there is clear programme progression from Level 1 to Level 3 in Business, Early Years, Health and Care, Information Technology, Sport and Art.

The majority of students continue to be in the 16-19 age range.

OPERATING AND FINANCIAL REVIEW / Cont'd...

The College sees its core business as being the 16-19 students together with a continuing commitment to 14-19 developments in the Borough.

The College is committed to a culture of improvement and an open and consultative management style is employed. Self Assessment has played a major role in helping us to identify strengths and areas for improvement. There is a commitment to supporting staff development. The College was inspected by OFSTED In November 2012. The summary grades achieved were:

Overall Effectiveness	Good-2
Outcomes for Learners	Good-2
Quality of Teaching, Learning and Assessment	Good-2
Effectiveness of Leadership and Management	Good-2

The College continues to seek new areas of educational activity without wishing to compromise its distinctive role and character as a sixth form college. It wishes to further develop its well-established reputation for concern for the welfare and fulfilment of each individual. It is seeking to provide a range of quality courses to meet the needs of students and to raise achievement. The College deliberately aims to build up a range of courses at all levels in order to meet the needs of local students and wishes to retain and develop the comprehensive range of provision.

Payment Performance

The Late Payment of Commercial Debts (Interest) Act 1998, which came into force on 1st November 1998, requires colleges, in the absence of agreement to the contrary, to make payments to suppliers within 30 days of either the provision of goods or services or the date on which the invoice was received. The target set by the Treasury for payment to suppliers within 30 days is 95 per cent. During the accounting period 1st August 2012 to 31st July 2014, the College endeavoured to pay all of its invoices within 30 days. Actual performance data relating to this target is not extractable from the College's financial accounting system software. The College, however, incurred no interest charges in respect of late payment for this period.

Post Balance Sheet Events

There have been no significant post balance sheet events.

RESOURCES:

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

Tangible resources include the main college site.

Financial

The College has £8.04 million of net assets and long term debt of £1.32 million

People

The College employs 135 people (expressed as full time equivalents) of whom 76 are teaching staff.

Reputation

The College has a good reputation locally. Maintaining a quality brand is essential for the College's success at attracting students and external relationships.

OPERATING AND FINANCIAL REVIEW / Cont'd...

PRINCIPAL RISKS AND UNCERTAINTIES:

The College has undertaken further work during the year to develop and embed the system of internal control, including financial, operational and risk management which is designed to protect the College's assets and reputation.

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

A risk register is maintained by the College and 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.

This is supported by a risk management training programme to raise awareness of risk throughout the College.

Outlined below is a description of the principal risk factors that may affect the College. Not all the factors are within the College's control. Other factors besides those listed below may also adversely affect the College.

Government funding

The College has considerable reliance on continued government funding through the further education sector funding bodies. In 2013/14, 90.7% of the College's revenue was ultimately public funded and this level of requirement is expected to continue.

STAKEHOLDER RELATIONSHIPS

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

- Students;
- Education sector funding bodies;
- Staff;
- Local employers (with specific links);
- Local Authorities;
- Government Offices/ Regional Development Agencies/LEPs;
- The local community;
- Other FE institutions;
- Trade unions;
- Professional bodies.

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

Equal Opportunities and Employment of Disabled Persons

St John Rigby College is committed to ensuring equal opportunities for all who learn and work here. We respect and value positively differences in race, gender, sexual orientation, able-bodiedness, class and age. We strive vigorously to remove conditions which place people at a disadvantage and we will actively combat bigotry. This policy will be resourced, implemented and monitored on a planned basis. The College's Equal Opportunities Policy is published on the College's intranet.

OPERATING AND FINANCIAL REVIEW / Cont'd...

The College considers all applications for employment from disabled persons provided that their aptitudes match the person specification for the advertised post. Insofar as is possible the College seeks actively to find solutions to any apparent obstacles to the employment of disabled persons (e.g. adequacy of access to facilities). Where an existing employee becomes disabled every effort is made to ensure that employment with the College continues. The College's policy is to provide training, career development and opportunities for promotion that are, as far as possible, identical to those for other employees.

Disability Statement


The overall policy of this College relating to the provision of educational facilities for students with Learning Difficulties and / or Disabilities is as follows:

- St John Rigby College is a Catholic College that endeavours as far as possible and practicable to provide equality of educational opportunities for all students.
- As far as is possible and practicable, bearing in mind the constraints placed upon the College by capital assets (i.e. buildings/ layout/ access/ financial resources) upon which it is dependent, the College will attempt to meet the educational needs of students with learning difficulties and/or disabilities as defined under the terms of the 1995 Disability Discrimination Act as amended by the Special Education Needs & Disability Act 2001 and 2005.
- In keeping with the mission of the College, we endeavour to value each member of the College community and aim to meet his/her individual needs. We always respond positively and flexibly to the needs of each applicant and endeavour to meet their learning needs completely and appropriately.
- Central to our thinking and aims is a commitment to Inclusive learning. At St John Rigby College we endeavour to avoid, as far as possible, a viewpoint which locates the difficulty with the student and to focus instead on the capacity of the College to understand and respond to the individual learner's requirements.
- We aim to enrol students on to appropriate supported programmes of study, meeting individual needs and offering progression.
- We aim to expand our supportive educational environment and understanding of how people learn best and people with disabilities and/or learning difficulties will be assessed positively.
- Prospective disabled students are encouraged to contact and visit the College. Appropriate discussion can then take place to identify, assess and decide, in conjunction with students, carers and appropriate agencies if and how the College can best meet the needs of disabled students.

Disclosure of information to auditors

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

Approved by order of the members of the Governing Body on 11.12.14 and signed on its behalf by:


.....
Mr J F Lumb

Chair

OPERATING AND FINANCIAL REVIEW / Cont'd...

Professional Advisors

Financial Statements Auditors:	Mazars LLP, Chartered Accountants, Liverpool
Bankers:	Barclays Bank plc
Solicitors:	Eversheds, Manchester
Insurance Brokers:	Zurich Municipal
Personnel:	The Sixth Form Colleges Employers Forum Ltd
Estate Consultants:	Fusion Ltd

St John Rigby College
Financial Statements for the Year ending 31st July 2014

Governors: - Governors who served the College during the year were as follows:

Name	Date of Appointment	Term of Office	Date of Resignation	Status of Appointment	Committees Served	Attendance at Governing Body Meetings
Mrs P Catherall	05/07/12 reappointed 04/07/14	4 years		Foundation	Finance & Resources	4/4
Mr P Collier	08/12/13	4 years		Governor	Finance & Resources	4/4
Mr S Dale	06/02/06 reappointed 04/07/14	4 years		Foundation	Finance & Resources	3/4
Miss A Fitzsimmons	12/12/13	2 years		Student	Quality & Standards	4/4
Mr A Grant	12/12/13	2 years		Parent	Audit	2/2
Mr J Gresty	05/07/10 reappointed 04/07/14	4 years		Staff Governor	Quality & Standards	3/4
Mr M Higgins	8/12/2012	4 years		Foundation	Audit	3/4
Mr J Lumb	22/05/06 reappointed 04/07/14	4 years		Foundation - Chair	Quality & Standards, Finance and Resources, Remuneration, Search	4/4
Dr C Morgan	13/12/04 reappointed 04/07/14	4 years		Foundation	Audit	3/4
Mr P McGhee	05/07/10 reappointed 04/07/14	4 years		Principal	Finance & Resources, Quality & Standards, Search	4/4
Mr P Phillips	03/10/05 reappointed 04/07/14	4 years		Foundation	Quality & Standards	2/4
Mrs T Richardson	05/07/12 reappointed 04/07/14	4 years		Foundation	Quality & standards, Finance & Resources	3/4
Mr P Simpson	05/07/10	4 years	04/07/14	Staff	Finance & Resources	4/4
Miss A M Siney	05/07/10	4 years	12/12/13	Foundation	Quality & Standards, Audit, Remuneration	2/2
Fr A Slingo	09/02/09 reappointed 04/07/14	4 Years		Foundation	Link Governor Mission & Ethos	2/4
Mr N Stevenson	01/04/97 reappointed 04/07/14	4 years		Co-opted	Quality & Standards, Remuneration, Search, Finance & Resources	3/4
Mrs P A Tate	19/09/11	4 Years		Foundation	Audit, Quality & Standards	3/4
Mr D Fletcher was the clerk to the Governing Body from May 2010.						

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 Mr J F Lumb, Chair of Governors
 Dated 11.12.14

STATEMENT OF CORPORATE GOVERNANCE AND INTERNAL CONTROL

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

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); and
- ii. having due regard to the UK Corporate Governance Code ("the Code") insofar as it is applicable to the further education sector

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

The Governing Body

The composition of the Governing Body is set out on page 11. It is the Governing Body's responsibility to bring independent judgement to bear on issues of strategy, performance, resources and standards of conduct.

The Governing Body is provided with regular and timely information on the overall financial performance of the College together with other information such as performance against funding targets, proposed capital expenditure, quality matters and personnel related matters such as health and safety and environmental issues. The Governing Body meets twice a term.

The Governing Body conducts its business through a number of committees. Each committee has terms of reference, which have been approved by the Governing Body. These committees are finance and resources, audit, remuneration and monitoring and review. Full minutes of all meetings, except those deemed to be confidential by the Governing body, are available from the Clerk to the Governing Body at:

St John Rigby College
Gathurst Road
Orrell
WIGAN
WN5 0LJ

The Clerk to the Governing Body maintains a register of financial and personal interests of the Governors. The register is available for inspection at the above address.

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

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

The Governing Body has a strong and independent non-executive element and no individual or group dominates its decision making process. The Governing Body 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 are separate.

STATEMENT OF CORPORATE GOVERNANCE AND INTERNAL CONTROL / Cont'd...

Appointments to the Governing Body

Any new appointments to the Governing Body are a matter for the consideration of the Governing Body as a whole.

The Governing Body has a search committee, which comprises the Chair and Vice-Chair of the Governing Body, and the Principal, which is responsible for the selection and nomination of any new member for the Governing Body's consideration. The Governing Body is responsible for ensuring that appropriate training is provided as required.

Members of the Governing Body are appointed for a term of office not exceeding 4 years.

Remuneration Committee

Throughout the year ending 31st July 2014, the College's remuneration committee comprises the Chair, Vice-Chair and the Chairs of the Governing Body's Committees. The committee's responsibilities are to make the recommendations to the Governing Body on the remuneration of the Principal and other senior post-holders.

Details of the remuneration for the year ended 31st July 2014 are set out in note 7 to the financial statements.

Audit Committee

The audit committee is comprised of four members of the Governing Body (excluding the Principal). The committee operates in accordance with written terms of reference approved by the Governing Body.

The audit committee meets four times a year and provides a forum for reporting by the College's Internal and financial statements auditors, who have access to the committee for Independent discussion, without the presence of College management. The committee also receives and considers reports from the main FE funding bodies as they affect the College's business.

The audit committee also advises the Governing Body on the appointment of financial statements auditors and their remuneration for both audit and non-audit work.

The audit committee considers that it has acted effectively during the year in reviewing, identifying and making recommendations on changes to the provision of internal audit services and as a result of the assurance mapping exercise, feels able to develop a robust work plan for the committee for the next year. The committee has constructively challenged management, processes, policies and procedures and sought assurances on areas where necessary but will continue to monitor and review all areas covered by the Terms of Reference and make appropriate and timely challenges and recommendations as required and as appropriate.

STATEMENT OF CORPORATE GOVERNANCE AND INTERNAL CONTROL / Cont'd...

Internal Control

Scope of Responsibility

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

The Governing Body 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 Financial Memorandum between the College and the funding bodies. They are also responsible for reporting to the Governing Body any material weaknesses or breakdowns in internal financial control.

The purpose of the system of internal control

The system of internal control is designed to manage risk to a reasonable level rather than eliminate all risk of failure to achieve policies, aims and objectives; it can therefore only provide reasonable and not absolute assurance of effectiveness. The system of internal control is based on an ongoing process designed to identify and prioritise the risks to the achievement of College policies, aims and objectives, to evaluate the likelihood of those risks being realised and the impact should they be realised, and to manage them efficiently, effectively and economically. The system of internal control has been in place in St John Rigby College for the year ended 31st July 2014 and up to the date of the approval of the annual report and accounts.

Capacity to handle risk

The Governing Body has reviewed the key risks to which the College is exposed, together with the operating, financial and compliance controls that have been implemented to mitigate those risks. The Governing Body is of the view that there is a formal on-going process for identifying, evaluating and managing the College's significant risks that has been in place for the period ending 31st July 2014 and up to the date of approval of the annual report and accounts.

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 performance and other performance
- Clearly defined capital investment control guidelines
- The adoption of formal project management disciplines, where appropriate

STATEMENT OF CORPORATE GOVERNANCE AND INTERNAL CONTROL / Cont'd...

Internal Control / Cont'd...

Review of effectiveness

As accounting officer, the Principal has responsibility for reviewing the effectiveness of the system of internal financial control. The Principal's review of the effectiveness of the system of internal financial control is informed by:

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


The Principal has been advised on the implications of the result of his review of the effectiveness of the system of internal control by the audit committee which oversees the system of internal control, and the plan to address weaknesses and ensure continuous improvement of the system is in place.


The senior management team receives reports setting out key performance and risk indicators and considers possible control issues brought to their attention by early warning mechanisms, which are embedded within the departments and reinforced by risk awareness training. The audit committee's role in this area is confined to a high-level review of the arrangements for internal control. The Governing Body'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 September 2014 meeting the Governing Body carried out the annual assessment for the year ended 31st July 2014 by considering documentation from the senior management team and taking account of events since 31st July 2014.

Going Concern

After making appropriate enquiries, the Governing Body considers that the College has adequate resources to continue in operational existence for the foreseeable future but that it must reduce its cost base in line with known reductions in College income to ensure this. For this reason they continue to adopt the going concern basis in preparing the financial statements.

Approved by order of the members of the Governing Body on 11.12.14 and signed on its behalf by:


.....
P McGhee
Principal
Date: 11.12.14


.....
Mr J F Lumb
Chair
Date: 11.12.14

Statements of the Governing Body's Responsibilities

The Governing Body of the College is required to present audited financial statements for each financial year.

Within the terms and conditions of a Financial Memorandum agreed between the Skills Funding Agency, Education Funding Agency and the College's Governing Body, the College, through its Principal, is required to prepare financial statements for each financial year in accordance with the 2007 Statement of Recommended Practice – Accounting for Further and Higher Education Institutions and with the Accounts Direction Issued jointly by the Skills Funding Agency and Young Peoples Learning Agency, and which give a true and fair view of the College's state of affairs and the result for that year.

In preparing the financial statements, the Governing Body is required to:

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

The Governing Body is also required to prepare a Governors' Report which describes what it is trying to do and how it is going about it, including the legal and administrative status of the College.


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

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

Governors of the College 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 Education Funding Agency and Skills Funding Agency are used only in accordance with the Financial Memorandum with the Education Funding Agency and Skills Funding Agency and other conditions that may be prescribed from time to time.

Governors of the College must ensure that there are appropriate financial and management controls in place sufficient to safeguard public funds and ensure that they are used only in accordance with the conditions under which they have been made available. In addition, Governors of the College are responsible for securing the economical, efficient and effective management of the College's resources and expenditure, so that the benefits that should be derived from the application of public funds from the Education Funding Agency and Skills Funding Agency are not put at risk.

Approved by order of the members of the Governing Body on10.12.14..... and signed on its behalf by:


.....
Mr J F Lumb
Chair

Independent Auditors' Report to the Governing Body of St John Rigby College

We have audited the College financial statements ("the financial statements") of St John Rigby College for the year ended 31 July 2014 set out on pages 18 to 34. The financial reporting framework that has been applied in their preparation is applicable law and UK accounting standards (UK Generally Accepted Accounting Practice).

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

Respective Responsibilities of the Governing Body of St John Rigby College and Auditors

As explained more fully in the Statement of the Governing Body's Responsibilities set out on page 15, the Governing Body is responsible for the preparation of financial statements which give a true and fair view.

Our responsibility is to audit, and express an opinion on, the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practice Board's (APB's) Ethical Standards for Auditors.

Scope of the audit of the financial statements

An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of: whether the accounting policies are appropriate to the College's circumstances and have been consistently applied and adequately disclosed; the reasonableness of significant accounting estimates made by the Governing Body; and the overall presentation of the financial statements. In addition we read all the financial and non financial information in the Operating and Financial Review, the Statement of Corporate Governance and Internal Control and the Statement of Responsibilities of the Members of the Governing Body to identify material inconsistencies with the audited financial statements. If we become aware of any apparent material misstatements or inconsistencies, we consider the implications for our report.

Opinion on financial statements

In our opinion the financial statements;

- give a true and fair view, in accordance with UK Generally Accepted Accounting Practice, of the state of the College's affairs as at 31 July 2014 and of the surplus of income over expenditure for the year then ended;
- have been properly prepared in accordance with the 2007 Statement of Recommended Practice - Accounting for Further and Higher Education Institutions

Opinion on other matters prescribed by the revised Joint Audit Code of Practice (Part 1) issued jointly by the Skills Funding Agency and the EFA and the Audit Code of Practice issued by the Learning & Skills Council

In our opinion:

- proper accounting records have been kept, and
- the financial statements are in agreement with the accounting records.



16 December 2014

Gareth Hitchmough (Senior Statutory Auditor)
for and on behalf of Mazars LLP
Chartered Accountants and Statutory Auditor
14th Floor, The Plaza
100 Old Hall Street
Liverpool
L3 9QJ

Independent Auditors' Report on Regularity to the Governing Body of St John Rigby College ('the Governing Body') and the Chief Executive of Skills Funding/Education Funding Agency

This report is produced in accordance with the terms of our engagement letter for the purpose of reporting on the College's Statement of Regularity, Propriety and Compliance in respect of whether the transactions underlying the College's financial statements for the year ended 31 July 2014 are regular as defined by and in accordance with the Funding Agreement with Secretary of State for Education acting through the Education Funding Agency, in accordance with the authorities that govern them. The regularity assurance framework that has been applied is set out in the Joint Audit Code of Practice and the Regularity Audit Framework published by the Skills Funding Agency and the Education Funding Agency.

Our review has been undertaken so that we might state to the Governing Body of St John Rigby College and the Secretary of State for Education acting through the Education Funding Agency those matters we are required to state to them in a report and for no other purpose. This report is made solely to the Governing Body of St John Rigby College and the Secretary of State for Education acting through the Education Funding Agency in accordance with the terms of our engagement letter. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Governing Body of St John Rigby College and the Secretary of State for Education acting through the Education Funding Agency, for our review work, for this report, or for the opinion we have formed.

Respective responsibilities of the Members of the Governing Body of St John Rigby College and Auditors

The Governing Body of St John Rigby College is responsible under the requirements of the Further & Higher Education Act 1992, subsequent legislation and related regulations and guidance, for ensuring that financial transactions are in accordance with the framework of authorities which govern them and that transactions underlying the financial statements for the year ended 31 July 2014 are regular.

The Governing Body of St John Rigby College is also responsible, under the requirements of the Accounts Direction 2013/14 published by the Skills Funding Agency and the Education Funding Agency for the preparation of the Statement on Regularity, Propriety and Compliance. The Statement confirms that, to the best of its knowledge, the Corporation believes it is able to identify any material, irregular or improper use of funds by the College, or material non-compliance with the Education Funding Agency's terms and conditions of funding under the College's funding agreement. It further confirms that any instances of material irregularity, impropriety or funding non-compliance discovered in the year to 31 July 2014 have been notified to the Education Funding Agency.

Our responsibility is to express an opinion in respect of whether the transactions underlying the College's financial statements for the year ended 31 July 2014 are in all material respects regular, based on the procedures that we have performed and the evidence we have obtained. Our reasonable assurance engagement was undertaken in accordance with the Joint Audit Code of Practice, the Regularity Audit Framework and our engagement letter.

Basis of opinion

We have performed procedures on a sample basis so as to obtain information and explanations which we consider necessary in order to provide us with sufficient appropriate evidence to express reasonable assurance that the College's Statement of Regularity, Propriety and Compliance is fairly stated in respect of whether the transactions underlying the College's financial statements are in all material respects regular for the year ended 31 July 2014.

Opinion

In our opinion, in all material respects the expenditure and income for the year ended 31 July 2014 have been applied to purposes intended by Parliament and the financial transactions conform to the authorities which govern them.


Mazars LLP
Chartered Accountants & Statutory Auditors
14th Floor, The Plaza, 100 Old Hall Street, Liverpool, L3 9QJ

16 December 2014

Income and Expenditure Account

		2014	2013
	Notes	£	£
Income			
Funding Body Income	(2)	6,102,250	6,792,334
Tuition Fees & Education Contracts	(3)	538,307	65,000
Other Income	(4)	668,636	585,378
Endowment & Investment Income	(5)	14,791	15,707
Total Income		7,323,984	7,458,419
Expenditure			
Staff Costs	(6)	5,095,002	4,803,098
Exceptional restructuring costs	(6)		220,966
Other Operating Expenses	(8)	1,946,126	1,923,854
Depreciation	(11)	429,553	370,357
Interest Payable	(9)	85,314	93,089
Total Expenditure		7,555,995	7,411,364
(Deficit)/Surplus on continuing operations after depreciation of assets at valuation and disposal of assets but before tax		(232,011)	47,055
Profit on disposal of assets	(11)	-	2,480
(Deficit)/Surplus on Continuing Operations after Depreciation of assets at valuation and Tax	(17)	(232,011)	49,535

The income and expenditure account is in respect of continuing activities. The College has no recognised gains or losses other than the results for the year as set out above.


Statement of Historical Cost Surpluses and Deficits

		2014	2013
	Notes	£	£
(Deficit)/Surplus on Continuing Operations after depreciation of assets at valuation and tax		(232,011)	49,535
Difference between historic cost depreciation & actual charge for the year calculated on the assets valuation	(17)	-	-
Historic Cost (Deficit) / Surplus for the Year after taxation		(232,011)	49,535


Balance Sheet as at 31 July 2014

	Notes	2014 £	2013 £
Fixed Assets			
- Tangible Fixed Assets	(11)	8,248,986	7,570,102
Current Assets			
- Stock	(12)	2,343	3,013
- Debtors	(13)	737,023	930,913
- Cash at the Bank and in hand		945,213	1,272,903
Total Current Assets		1,684,579	2,206,829
Creditors: amounts falling due within one year	(14)	578,556	505,844
Net Current Assets		1,106,023	1,700,985
Total Assets less Current Liabilities		9,355,009	9,271,087
Creditors – amounts falling due after more than one year	(15)	1,315,300	1,437,652
NET ASSETS		8,039,709	7,833,435
Deferred Capital Grants	(16)	6,074,695	5,636,410
General Reserve	(17)	1,965,014	2,197,025
TOTAL FUNDS		8,039,709	7,833,435

The financial statements on pages 18 to 35 were approved by the Governing Body and were signed on its behalf by:


P McGhee
Principal

Date: 11.12.14


Mr J F Lumb
Chair

Date: 11.12.14

Cash Flow Statement for the year ended 31st July 2014

	Notes	2014 £	2013 £
Cash inflow from Operating Activities	(18)	273,451	277,635
Return on Investments and Servicing of Finance	(19)	(70,523)	(77,382)
Capital Expenditure and Financial Investment	(20)	(408,265)	(284,081)
Financing	(21)	(122,352)	(122,352)
Decrease in cash in the year		<u>(327,690)</u>	<u>(206,180)</u>
Reconciliation of net cash flow to movement in net debt:			
Decrease in cash in the period		(327,690)	(206,180)
Cash inflow from new unsecured loan		122,352	122,352
Movement in net funds in the period		<u>(205,338)</u>	<u>(83,828)</u>
Net Debt at 1 August 2013		(287,101)	(203,273)
Net Debt at 31 July 2014	(22)	<u>(492,439)</u>	<u>(287,101)</u>

Notes to the Financial Statements

1. Statement of Principal Accounting Policies

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

Basis of Preparation

These financial statements have been prepared in accordance with the Statement of Recommended Practice: Accounting for Further and Higher Education 2007 (the SORP), the Accounts Direction for 2012-13 financial statements, and in accordance with applicable Accounting Standards.

Basis of Accounting

These financial statements have been prepared in accordance with the historical cost convention and in accordance with applicable United Kingdom accounting standards.

Going Concern

The activities of the College, together with the factors likely to affect its future development and performance are set out in the Operating and Financial Review. The financial position of the College, its cashflow, liquidity and borrowings are described in the Financial Statements and accompanying notes.

The College has a reasonable expectation that it has adequate resources to continue in operational existence for the foreseeable future, and for this reason will continue to adopt the going concern basis in the preparation of its Financial Statements.

Recognition of Income

Income from grants, contracts and other services rendered is included to the extent of the completion of the contract or service concerned. All income from short-term deposits is credited to the income and expenditure account in the period in which it is earned.

Funding body recurrent grants are recognised in line with best estimates for the period of what is receivable and depend on the particular income stream involved. Any under or over achievement for the adult skills budget is adjusted for and reflected in the level of recurrent grant recognised in the income and expenditure account. The final grant income is normally determined with the conclusion of the year end reconciliation process with the funding body at the end of November following the year end. Employer responsive grant income is recognised based on a year end reconciliation of income claimed and actual delivery with the funding body. 16-18 learner-responsive funding is not normally subject to reconciliation and is therefore not subject to contract adjustments.

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

Pension Schemes

Retirement benefits to employees of the College are provided by the Teachers Pension Scheme (TPS) and the Greater Manchester Pension Fund (GMPF) provides retirement benefits to employees. These are defined benefit schemes, which are externally funded and contracted out the State Earnings Related Pension Scheme (SERPS). Contributions to the schemes are charged to the income and expenditure account so as to spread the cost of pensions over the employees' working lives with the College in such a way that the pension cost is a substantially level percentage of present and future pensionable payroll. The contributions are determined by qualified actuaries on the basis of triennial valuations using the projected unit method for the GMPF and quinquennial valuations using a prospective benefit method for the TPS.

Notes to the Financial Statements / Cont'd...

1. Statement of Principal Accounting Policies / Cont'd...

Pension Schemes / cont'd...

As stated in note 23, the TPS is a multi employer scheme and the College is unable to identify its share of the underlying assets and liabilities of the scheme on a consistent and reasonable basis. The TPS is therefore treated as a defined contribution scheme and the contributions recognised as they are paid each year.

Tangible Fixed Assets

a) Land & Buildings

The land & buildings on which the College is based are owned by the Archdiocese of Liverpool. These assets should be governed by FRS 5 Substance over Legal Form principle and so have been valued as at 1 April 2001 on a depreciated replacement cost basis, and depreciated over their remaining useful economic life.

The College follows the transitional provisions of FRS 15 to retain the book value of land and buildings but not to adopt a policy of revaluation of these properties in the future. These values are retained subject to the requirement to test assets for impairment in accordance with FRS 11.

b) Equipment

Equipment costing less than £500 per individual item is written off to the income and expenditure account in the period of acquisition. All other equipment is capitalised at cost.

All assets are depreciated over its useful life as follows –

Computers	3 years
Motor Vehicles & Equipment	5 years
Modifications to buildings	10 years
Land	Not depreciated
Buildings	40 years

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

c) Assets under the course of construction

Assets under the course of construction are accounted for at cost incurred to 31 July 2014. They are not depreciated until they are brought into use.

Maintenance of Premises

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

Taxation

The College has charitable status and as such benefits by being broadly exempt from Governing Body Tax on the income it receives from tuition fees, interest and rents.

The College is exempt from levying VAT on the service it provides to students and therefore is generally unable to recover the input tax it suffers on goods and services purchased. The College registered for VAT from 1st August 2005 to enable recovery of input VAT which is repayable under an H M Revenue and Customs ruling called the Lennartz Principle. The College deregistered for VAT on 4 February 2013.

Notes to the Financial Statements / Cont'd...

Liquid Resources

Liquid resources include sums on short-term deposits with recognised banks and building societies and government securities.

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.

2. Funding Body Grants

	Year Ended 31st July 2014	Year Ended 31st July 2013
	£	£
Recurrent Grant	5,616,983	6,485,918
Release of Deferred Capital Grant	73,270	63,026
Release of Revenue Grant	411,997	243,390
Total	6,102,250	6,792,334

3. Tuition Fees and Education Contracts

LEA Contracts	538,307	65,000
Total	538,307	65,000

Funding equivalent to £538,307 (£589,748 2012/13) received in 2013/14 in the form of LEA contracts was previously funded by the Education Funding Agency and reported in under the heading "Recurrent Grant" in note 2 in 2012/13. The LEA contract pertaining to £65,000 in 2012/13 ceased in that year.

4. Other Income

Travel Passes	2,880	1,800
Lettings	15,533	14,367
Residences, Catering and Conferences	382,229	347,629
Releases from Deferred Capital Grant (non-funding council)	80,116	80,116
Other Income	187,878	141,466
Total	668,636	585,378

5. Endowment and Investment Income

Other Interest Receivable	14,791	15,707
Total	14,791	15,707

Notes to the Financial Statements / Cont'd...

6. Staff Costs

The average number of persons (including Senior Post-holders) employed by the College during the year, expressed as full-time equivalents, was: -

	2014	2013
	No.	No.
Teaching Departments	76	73
Teaching Support Services	3	5
Other Support Services	27	22
Admin and Central Services	17	17
Premises	2	2
Catering	5	5
Cleaning	5	4
Total	135	128

Staff Costs for the above persons are: -

	2014	2013
	£	£
Teaching Departments	3,261,743	3,103,250
Teaching Support Services	97,950	140,356
Other Support Services	655,844	503,505
Admin and Central Services	702,072	703,502
Premises	49,426	66,016
Catering	106,802	101,611
Cleaning	78,033	71,992
Staff costs for the above persons	4,951,870	4,690,232

Contracted out staffing services

Teaching	88,636	78,839
Non teaching	54,496	34,027

Total	5,095,002	4,803,098
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Wages and salaries	4,277,864	4,061,382
Social security costs	290,564	274,929
Other pension costs	526,574	466,787

Payroll sub total	5,095,002	4,803,098
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Exceptional restructuring costs	-	220,966
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	5,095,002	5,024,064
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Employment costs for staff on permanent contracts	4,951,870	4,911,198
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Employment costs for staff on short-term or temporary contracts	143,132	112,866
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Total	5,095,002	5,024,064
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A 1% cost of living award was made to all staff from 1 September 2013.

Notes to the Financial Statements / Cont'd...

6. Staff Costs/Cont'd...

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

	Senior post-holders		Other staff	
	2014 No.	2013 No.	2014 No.	2013 No.
£60,001 to £70,000	0	0	3	2
£70,001 to £80,000	0	0	0	0
£80,001 to £90,000	0	0	0	0
£90,001 to £100,000	1	1	0	0
	1	1	3	2

7. Emoluments of Senior Post-Holders and Members

Senior post-holders are defined as the Principal and holders of other senior posts whom the Governing Body have selected for the purposes of the articles of government of the College relating to the appointment and promotion of staff who are appointed by the Governing Body.

	2014	2013
Number of staff		1
The emoluments of the senior post holders are made up as follows:		
	£	£
Salaries	96,000	95,084
Benefits in kind	-	-
Pension Contributions	13,536	13,407
Total emoluments	109,536	108,491
The emoluments of the Principal are made up as follows:		
Salaries	96,000	95,084
Benefits in kind	-	-
Pension Contributions	13,536	13,407
Total emoluments	109,536	108,491

Mr Peter McGhee received a 1% cost of living pay award in 2013/14.

The pension contributions in respect of the senior post holders are in respect of employer's contributions to Teachers Pensions and are paid at the same rate as for other employees.

The members of the Governing Body other than the Principal and elected staff governors did not receive any payment from the College other than the reimbursement of travel and subsistence expenses incurred in the course of their duties.

Notes to the Financial Statements / Cont'd...

8. Other Operating Expenses

	2014	2013
	£	£
Teaching Departments	215,163	216,634
Teaching Support Services	33,334	35,376
Other Support Services	31,640	59,012
Administration and Central Services	374,840	494,955
General Education Expenditure	329,158	316,786
Premises costs – Running costs	165,521	157,453
Premises costs – Maintenance	88,566	30,200
Planned Maintenance	481,909	414,887
Catering	225,995	198,551
Total	1,946,126	1,923,854

Other operating expenses include:

	2014	2013
	£	£
Auditors Remuneration:		
- External audit	12,000	12,000
- Internal audit	-	-
- Other services from either internal or external audit	3,575	1,620
Hire of plant & machinery - operating leases	-	20,480
Hire of other assets - operating leases	-	149,191

9. Interest Payable

	2014	2013
	£	£
On bank loans, overdrafts and other loans:		
Repayable wholly or partly in more than five years	85,314	93,089

10. Taxation

The governors do not believe that the College was liable for any Governing Body Tax arising out of its activities during this period.

Notes to the Financial Statements / Cont'd...

11. Fixed Assets

	Land and Buildings £	Computers £	Other Equipment £	Assets Under Construction £	TOTALS £
Cost or Valuation As at 1 August 2013	7,838,020	331,511	1,398,476	645,232	10,213,239
Additions	-	55,832	31,730	1,142,525	1,230,087
Disposals/Write Offs	-	-	-	(121,650)	(121,650)
Transfers	646,638	-	-	(646,638)	-
	8,484,658	387,343	1,430,206	1,019,469	11,321,676
Depreciation As at 1 August 2013	1,499,577	161,010	982,550	-	2,643,137
Charge for the Year	198,076	101,476	130,001	-	429,553
Disposals/Write Offs	-	-	-	-	-
	1,697,653	262,486	1,112,551	-	3,072,690
Net Book Value As at 31 July 2014	6,787,005	124,857	317,655	1,019,469	8,248,986
- Capital Grant	4,082,770	1,112	50,253	826,136	4,960,271
- Other	2,704,235	123,745	267,402	193,333	3,288,715
TOTAL NBV AS AT 31st July 2014	6,787,005	124,857	317,655	1,019,469	8,248,986
As at 31 July 2013					
- Capital Grant	3,712,904	3,338	71,070	645,232	4,432,544
- Other	2,625,539	167,163	344,856	-	3,137,558
TOTAL NBV AS AT 31st July 2013	6,338,443	170,501	415,926	645,232	7,570,102

The transition rules set out in FRS 15 Tangible Fixed Assets have been applied on implementing FRS 15. Accordingly the book values at implementation have been retained.

The tangible fixed assets inherited from the local education authority on 1st April 1993 have been valued on a depreciated historic cost basis by the College.

The land and buildings belong to the Trustees, which are the Archdiocese of Liverpool. However, in accordance with guidance issued by the Education Funding Agency in conjunction with FRS 5; Substance over legal form, the land and buildings have been included in these accounts at the valuation date of 1st April 2001.

If the land and buildings belonging to the Diocese had not been valued they would have been included within the College's accounts at £nil cost.

Notes to the Financial Statements / Cont'd...

12. Stock

The College had a closing stock balance on its catering operations of £2,343 (2013: £3,013) at the year end.

13. Debtors

Amounts falling due within one year:

	2014	2013
	£	£
Debtors	9,300	8,522
Prepayments & Accrued Income	76,353	162,519
Grant Debtors Capital	651,370	759,872
	<u>737,023</u>	<u>930,913</u>

14. Creditors: Amounts falling due within one year

	2014	2013
	£	£
Trade Creditors	138,060	156,778
Other Taxation and Social Security	95,686	87,384
Accruals	16,726	120,340
Bank Loan	122,352	122,352
Fixed Asset Creditor	180,247	-
Other	25,485	18,990
Totals	<u>578,556</u>	<u>505,844</u>

15. Creditors: Amounts falling due after one year

	2014	2013
	£	£
Bank Loan	1,315,300	1,437,652
Totals	<u>1,315,300</u>	<u>1,437,652</u>

The bank loan is repayable as follows:-

Less than one year	122,352	122,352
One to two years	122,352	122,352
Two to five years	367,056	367,056
Greater than five years	825,892	948,244
Totals	<u>1,437,652</u>	<u>1,560,004</u>

The bank loan of the college is unsecured. The loan will be repaid in quarterly instalments of £30,588 until 2026.

Notes to the Financial Statements / Cont'd...

16. Deferred Capital Grants

	Funding Bodies	Others	TOTALS
	£	£	£
As at 31 July 2013			
- Equipment	32,299	60,041	92,340
- Buildings	3,717,354	1,826,716	5,544,070
Total	3,749,653	1,886,757	5,636,410
Deferred Capital Grant Debtors			
Total Debtors Brought Forward			
- Equipment	-	-	-
- Buildings	(759,872)	-	(759,872)
Total Debtors Carried Forward			
- Equipment	-	-	-
- Buildings	651,370	-	651,370
Total Movement in Debtors	(108,502)	-	(108,502)
Cash Received			
- Equipment	-	-	-
- Buildings	700,172	-	700,172
Total Cash Received	700,172	-	700,172
Released to Income & Expenditure Account			
- Equipment	7,753	15,499	23,252
- Buildings	65,517	64,617	130,134
Total Released to Income & Expenditure Account	73,270	80,116	153,386
As at 31 July 2014			
- Equipment	24,547	44,542	69,089
- Buildings	4,243,507	1,762,099	6,005,606
TOTAL 31 July 2014	<u>4,268,054</u>	<u>1,806,641</u>	<u>6,074,695</u>

17. Reserves

Income & Expenditure Account

	2014	2013
	£	£
Balance as at 1 st August 2013	2,197,025	2,147,490
(Deficit)/Surplus on continuing operations	(232,011)	49,535
As at 31st July 2014	<u>1,965,014</u>	<u>2,197,025</u>

Notes to the Financial Statements / Cont'd...

18. Reconciliation of Operating Surplus to Net Cash Inflow from Operating Activities

	2014	2013
	£	£
(Deficit)/Surplus before tax	(232,011)	49,535
Depreciation and other amounts written off fixed assets	429,553	370,357
Profit on disposal of fixed assets	-	(2,480)
Deferred capital grant released to income	(153,386)	(143,143)
Interest payable	85,314	93,089
Decrease in stock	670	100
Decrease / (increase) in debtors	85,390	(136,780)
Decrease in creditors	72,712	62,664
Interest receivable	(14,791)	(15,707)
	273,451	277,635

19. Return on Investments and Servicing of Finance

	2014	2013
	£	£
Interest received	14,791	15,707
Interest paid	(85,314)	(93,089)
	(70,523)	(77,382)

20. Capital Expenditure and Financial Investment

	2014	2013
	£	£
Purchase of tangible fixed assets	(1,230,087)	(866,178)
Disposal/write offs of fixed assets	121,650	3,100
Deferred capital grant received	700,172	578,997
	(408,265)	(284,081)

Notes to the Financial Statements / Cont'd...

21. Financing

	2014	2013
	£	£
Debt due within 1 year	-	-
Debt due beyond a year:		
New unsecured loan repayable by 2026	(122,352)	(122,352)
	<hr/>	<hr/>
Net Cash Outflow from Financing	(122,352)	(122,352)
	<hr/>	<hr/>

22. Analysis of Changes in Net Funds

	At 31/7/13	Cashflows	At 31/7/14
	£	£	£
Cash at hand or in the bank	772,903	172,310	945,213
Cash held on deposit	500,000	(500,000)	-
	<hr/>	<hr/>	<hr/>
	1,272,903	(327,690)	945,213
Debt due within 1 year	-	-	-
Debt due after 1 year	(1,560,004)	122,352	(1,437,652)
	<hr/>	<hr/>	<hr/>
Totals	(287,101)	(205,338)	(492,439)
	<hr/>	<hr/>	<hr/>

23. Pensions and Similar Obligations

The College's employees belong to two principal pension schemes: the Teachers Pension Scheme (TPS) and the Greater Manchester Pensions Fund (GMPPF). The total pension cost for the period was £525,536. The corresponding figure for the 12 months ending 31st July 2013 was £466,787.

Total pension cost for the year

	2014	2013
	£	£
Teachers Pension Scheme: contributions paid	378,924	338,000
Local Government Pension Scheme :		
Contributions paid	146,612	128,787
FRS17 charge	-	-
Charge to the Income and Expenditure Account (staff costs)	146,612	128,787
	<hr/>	<hr/>
Total Pension Cost for Year	525,536	466,787
	<hr/>	<hr/>

Contributions amounting to £73,217 (2013: £64,121) were payable to the scheme at 31st July 2014 and are included in trade creditors.

Notes to the Financial Statements / Cont'd...

23. Pensions and Similar Obligations / Cont'd...

Teachers Pension Scheme (TPS).

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

The Teachers' Pension Budgeting And Valuation Account

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

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

Valuation Of The Teachers' Pension Scheme

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

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

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

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

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

Scheme Changes

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

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

Notes to the Financial Statements / Cont'd...

23. Pensions and Similar Obligations / Cont'd...

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

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

The pension costs paid to TPS in the year amounted to £378,913 (2013: £338,031).

FRS 17

Under the definitions set out in Financial Reporting Standard 17 Retirement Benefits, the TPS is a multi-employer pension scheme. The College is unable to identify its share of the underlying (notional) assets and liabilities of the scheme. Accordingly, the College has taken advantage of the exemption in FRS17 and has accounted for its contributions to the scheme as if it were a defined contribution scheme. The College has set out above the information available on the deficit in the scheme and the implications for the College in terms of anticipated contribution rates.

Greater Manchester Pension Fund (GMPF).

The support staff at the College are members of the Greater Manchester Pension Fund, part of the Local Government Pension Scheme. The LGPS is a defined benefit scheme, with the assets held in separate trustee administered funds. The total contribution made during the year ended 31 July 2014 was £208,893 of which employers' contributions totalled £146,612 and employees' contributions totalled £62,281. The contribution rate from 1 April 2012 is 14.9%.

SSAP 24

The pensions cost is assessed every three years in accordance with the advice of a qualified independent actuary. The assumptions and other data that have the most significant effect on the determination of the contribution levels are as follows:

Latest actuarial valuation	31 March 2013
Actuarial method	Projected unit
Investment returns per annum	4.8%
Pensions increases per annum	2.5%
Salary scale increases per annum	3.55%
Market value of assets at date of valuation	£12,590 million
Proportion of members accrued benefits covered by the actuarial value of the assets	90.5%

24. Capital Commitments

The College has been awarded £972,194 from the EFA as part of the Sixth Form College Building Condition Improvement Fund (BCIF).

25. Financial Commitments

At 31 July the College had no annual commitments under non cancellable operating leases.

Notes to the Financial Statements / Cont'd...

26. Related Party Transactions

Due to the nature of the College'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 organisations in which a member of the board of governors may have an interest are conducted at arm's length and in accordance with the College's financial regulations and normal procurement procedures.

27. Amounts Dispersed as Learner Support Funds

	2014	2013
	£	£
Balance Unspent brought forward	9,146	4,213
Funding Body Grant 2013/14	152,538	128,633
Interest Earned	-	-
	<hr/>	<hr/>
Disbursed to Students	(131,346)	(123,700)
Administration	(6,967)	-
	<hr/>	<hr/>
Balance Unspent at 31 st July	23,371	9,146
	<hr/>	<hr/>

Funding body grants are available solely for students; the College acts only as a paying agent. The grants and related disbursements are therefore excluded from the income and expenditure account.