St John Rigby College

Report and Financial Statements

for the year ended 31 July 2017

Key Management Personnel, Board of Governors and Professional advisers

Key management personnel

Key management personnel are defined as members of the College Leadership Team and were represented by the following in 2016/17:

Peter McGhee Principal and CEO; Accounting officer
Dominic Jones Director of Curriculum and Quality
Anne White Director of Students

Board of Governors

A full list of Governors is given on page 15 of these financial statements.

Mr D Fletcher acted as Clerk to the Corporation throughout the period.

Professional advisers

Financial statements auditors and reporting accountants:

Mazars LLP
14^{th} Floor
The Plaza
100 Old Hall Street
Liverpool
L3 9QJ

Bankers:

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

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Report of the Governing Body

NATURE, OBJECTIVES AND STRATEGIES:

The members present their report and the audited financial statements for the year ended 31 July 2017.

Legal status

The Corporation 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 Part 3 of the Charities Act 2011.

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).

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

Public Benefit

St John Rigby College is an exempt charity under the Part 3 of the Charities Act 2011 and following the machinery of Government changes in July 2016 is regulated by the Secretary of State for Education. The members of the Corporation, who are trustees of the charity, are disclosed on page 15.

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

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

- High-quality teaching
- Widening participation and tackling social exclusion
- Excellent employment record for students
- Strong student support systems
- Links with employers, industry and commerce.
- Links with Local Enterprise Partnerships (LEPs)

Implementation of strategic plan

In July 2015 the College adopted a strategic plan for the period 1 August 2015 to 31 July 2017. This strategic plan includes property and financial plans. The Corporation monitors the performance of the College against these plans. The plans are reviewed and updated each year. The College's continuing strategic objectives are to:

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

- 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.
- To work collaboratively with groups within the College's local and extended community.
- To further develop the estate to provide an outstanding learning environment for the whole College community.
- 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.
- To maintain the College's financial stability in order to implement the College Development Plan.

Financial objectives

The College's financial objectives are:

To maintain the College's financial stability in order to implement the College Development Plan.

Financial Objectives

1. Each year the College will set targets to ensure that the college will continue to provide a sound financial base by;
   a. Agreeing and generating an operating surplus each financial year.
   b. Agreeing and achieving a positive operating cash flow each year.
   c. Agreeing and continuing to have a positive net current asset.

2. The College will enhance the understanding of finance by;
   a. Developing detailed Management Accounts for governors and the senior leadership team.
   b. Ensuring finance is regularly reviewed by the senior leadership team.
   c. Ensuring timely monthly management accounts that report on the following;
      i. Income and Expenditure Accounts
      ii. Balance Sheet
      iii. Rolling cash flow forecasts
      iv. Capital expenditure
      v. Bursary Account
      vi. Key Performance Indicators
      vii. Bank Covenants
      viii. Detailed Commentary
   d. Providing and developing financial reports for budget holders.
   e. Reviewing and developing the college's financial systems.

3. Finance will support the development of the College by;
    a. Producing detailed financial plans and options for the Corporation to consider throughout the Academisation Process.
    b. Engaging with the funding bodies and lenders to progress the academisation process.

4. The College will maintain the confidence of funding bodies, suppliers and professional advisors by:
    a. Providing financial returns on time.
    b. Ensuring all returns that require certification by auditors are unqualified.
    c. Paying suppliers within a 3 week cycle.

5. Raise awareness of financial issues by:
    a. Providing advice and guidance to the Senior Leadership Team and Governors on the financial processes, procedures and budgeting of the college.
    b. Provide adequate and timely financial information to ensure that staff, management and governors are aware of the financial position of the college.

Performance indicators

The College is committed to observing the importance of sector measures and indicators and uses the FE Choices data available on the GOV.UK website which looks at measures such as success rates. The College is required to complete the annual Finance Record for the Education and Skills Funding Agency ("ESFA"). The College is assessed by the Education and Skills Funding Agency as having a "Satisfactory" financial health grading. The current rating of Satisfactory is considered an acceptable outcome.

Financial Targets 2016-2017	**Measure/Target 2016/17**	**Actual for 2016/17**
Operating Surplus (Deficit) for the year (excluding Pension)	**£47,000**	**(£110,000)**
Generating a positive operating cash flow	**£37,000**	**£18,000**
Generating a positive net current assets position – before FRS 102 implementation	**£235,000**	**£203,000**

FINANCIAL POSITION

Financial results

The College generated a loss before other gains and losses in the year of £432,000 (2015/16 – restated deficit of £204,000), with total comprehensive losses of £229,000 (2015/16 - £573,000). These are the first results to include an FRS102(28) note as a result of the Greater Manchester Pension Fund being de-pooled. These adjustments have deflated the results for the year with additional accounting adjustments to salaries and interest charges as detailed in note 18

The College has accumulated reserves of £2,236,000 and cash and short term investment balances of £617,000. The College wishes to continue to accumulate reserves and cash balances in order to create a contingency fund.

Tangible fixed asset additions during the year amounted to £127,000. This was split between the retention payment on the IT Building of £17,000, computer equipment of £45,000 and other equipment purchased of £65,000.

The College has significant reliance on the education sector funding bodies for its principal funding source, largely from recurrent grants. In 2016/17 the FE funding bodies provided **86%** 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 Corporation and shall comply with the requirements of the Financial Memorandum agreed with theESFA.

Cash flows and liquidity

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

At £89,000 (2015/16 £124,000 as restated), net cash flow from operating activities was reasonably consistent.

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 cashflow. During the year this margin was comfortably exceeded.

CURRENT AND FUTURE DEVELOPMENT AND PERFORMANCE

Student Numbers

In 2016-17 the College achieved 1438 learners at the six week census date in October 2016. In 2016-17 the College was, however, actually funded for 1383 learners (lagged learner numbers from 2015-16). In 2017-18, the College is funded for 1438 students, although the likely October census number will be approximately 1370 students.

Student Achievement

In 2016-17 the vast majority of A-level students were following new, more rigorous A-level specifications that are two-years in duration. There were only a small number of legacy subjects where students sat an AS examination, and from September 2017, the College has ceased to offer any AS qualification. The year's results for A2 have increased from 98.8% (A-E Grades) to 99.3%. A2 High Grades declined slightly from 45.7% to 41.3%. AS pass rates (A-E Grades) have risen from 90.9% in 2016 to 95.2% in 2017; High Grades at AS have also risen to 38.1% from 31.9% in 2016.

	2017	2016
Y13 A2 A-E *	99.3	98.8
A2 High Grades	41.3	45.7
AS A-E *	95.2	90.9
AS High Grades	38.1	31.9
VOC Level 3	100	100

Despite the fall in high grade rate at A-level, ALPS performance at all levels remains outstanding. The College has achieved "red" ALPS (grade 3 or above) across AS, A-level and BTEC level 3 for three consecutive years. This indicates excellent value added across all level 3 programme types and places the College within the top 25% of providers nationally. Whilst slightly down on 2016, the GSCE performance (A*-C) is very significantly above sector benchmarks.

Year	AS provider score and grade
2015	1.06, 2
2016	1.01, 2
2017	1.09, 2
Year	**A2 provider score and grade**
2015	1.00, 3
2016	1.00, 3
2017	0.98, 3
Year	**BTEC provider score and grade**
2015	1.05, 3
2016	0.97, 3
2017	1.03, 3

	2017	2016
GCSE A*-C	65.8	69.9
GCSE A*-G	99.6	100
***Intermediate Merit or Distinction**	85.1	81.5
Intermediate Pass, Merit or Distinction	98.5	100
Foundation Pass, Merit or Distinction	95.7	100

*now includes 25% external assessment

Curriculum Developments

The College continues to develop its curriculum and aims 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. In 2015-16 the College reviewed its "Honours Programme" and launched a range of career based "Electives" to Year 11 applicants and were targeted at attracting the most able students. In addition to the Medics, Engineers and Teachers programmes there were nine additional programmes running in 2016-17:

- Aspiring Artists
- Future Entrepreneurs
- Future Writers
- Future Journalists
- Future Lawyers
- Future Leaders
- Music Maestro

- Future Scientists
- Future Sports Therapists

Overall student numbers remain similar to that of 2013 and 2015 but there is a larger year 13 cohort and a smaller year 12 cohort.

Year	Number
2012	1221
2013	1379
2014	1438
2015	1383
2016	1438
2017	1370 (estimated)

The vast majority of students (1265) follow level 3 programmes (A-level, BTEC or mixed A-level/BTEC) programmes. 80 students take a level 2 programme (BTEC plus GCSEs in English, Mathematics or Science) and a small cohort of 29 students, follow a Foundation, Entry level programme or Supported Internship.

In 2016-17 40% 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 academic A-level subjects as well as vocational options.

The College's core business is meeting the educational needs of 16-19 students in Wigan and surrounding areas. The College has a culture of high aspiration and expectation and seeks to reach the highest standards of student outcomes. 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 February 2017 and was awarded outstanding in every category. We are one of only three SFCs to be judged outstanding under the new inspection framework. The summary grades achieved were:

Overall Effectiveness	**Outstanding-1**
Outcomes for Learners	Outstanding-1
Quality of Teaching, Learning and Assessment	Outstanding-1
Personal development, behaviour and welfare	Outstanding-1
Effectiveness of Leadership and Management	Outstanding-1
16-19 Study programmes	Outstanding-1

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 cost-effective 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 1 November 1998, requires Colleges, in the absence of agreement to the contrary, to make payments to suppliers within 30 days of either the provision of goods or services or the date on which the invoice was received. The target set by the Treasury for payment to suppliers within 30 days is 95 per cent. During the accounting period 1 August 2016 to 31 July 2017, 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 accounting system software. The College incurred no interest charges in respect of late payment for this period.

Events after the end of the reporting period

There have been no significant events after the end of the reporting period.

With regard to the improved capacity provided by the new building on main site, the College seeks to significantly increase student numbers over the next three years.

The College aims to significantly increase contribution by introducing a number of efficiency schemes across the college site. The College would like to reduce dependency on the funding bodies and is seeking opportunities particularly in the areas where the College currently performs well such as HEFCE and European Commission grants.

After making appropriate enquiries, the Corporation 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.

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 £2,236,000 of net assets and long term bank debt of £949,000.

People

The College employs 128 people (expressed as full time equivalents), of whom 70 are teaching staff.

Reputation

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

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

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 2016/17, 86% of the College's revenue was ultimately publicly funded and this level of requirement is expected to continue. There are can be no assurance that government policy or practice will remain the same or that public funding will continue at the same levels or on the same terms.
The College is aware of several issues which may impact on future funding:

This risk is mitigated in a number of ways:

- *Funding is derived through a number of direct and indirect contractual arrangements*
- *By ensuring the College is rigorous in delivering high quality education and training*
- *Considerable focus and investment is placed on maintaining and managing key relationships with the various funding bodies*
- *Ensuring the College is focused on those priority sectors which will continue to benefit from public funding.*
- *Regular dialogue with funding bodies*

STAKEHOLDER RELATIONSHIPS

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

- Students;
- Education and Skills Funding Agency;
- Sixth Form Commissioner;
- Staff;
- Local employers (with specific links);
- Local authorities;
- Local Enterprise Partnerships (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

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

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

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

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

Disability statement

The College seeks to achieve the objectives set down in the Equality Act 2010:

a) As part of its accommodation strategy the College updated its access audit. Experts in this field conducted a full access audit during 2008/09, and the results of this formed the basis of funding capital projects aimed at improving access.
b) The College has appointed an Access Co-ordinator, who provides information, advice and arranges support where necessary for students with disabilities.
c) There is a list of specialist equipment, such as radio aids, which the College can make available for use by students and a range of assistive technology is available in the learning centre.
d) The admissions policy for all students is described in the College charter. Appeals against a decision not to offer a place are dealt with under the complaints policy.
e) The College has made a significant investment in the appointment of specialist lecturers to support students with learning difficulties and/or disabilities. There are a number of student support assistants who can provide a variety of support for learning. There is a continuing programme of staff development to ensure the provision of a high level of appropriate support for students who have learning difficulties and/or disabilities.
f) Specialist programmes are described in College prospectuses, and achievements and destinations are recorded and published in the standard College format.
g) Counselling and welfare services are described in the College Student Guide, which is issued to students together with the Complaints and Disciplinary Procedure leaflets at induction.

Disclosure of information to auditors

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

Approved by order of the members of the Corporation on 13 December 2017 and signed on its behalf by:

Mr J F Lumb

Chair

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. This statement covers the period from 1 August 2016 to 31 July 2017 and up to the date of approval of the annual report and financial statements.

The College endeavours to conduct its business:

i. in accordance with the seven principles identified by the Committee on Standards in Public Life (selflessness, integrity, objectivity, accountability, openness, honesty and leadership);
ii. having due regard to the UK Corporate Governance Code 2016 insofar as it is applicable to the further education sector.

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

In the opinion of the Governors, the College complies with/exceeds all the provisions of the Code, and it has complied throughout the year ended 31 July 2017. The Corporation recognises that, as a body entrusted with both public and private funds, it has a particular duty to observe the highest standards of corporate governance at all times. In carrying out its responsibilities, it takes full account of The Code of Good Governance for English Colleges issued by the Association of Colleges in March 2015.

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

The Corporation

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

Name	Date of Appointment	Term of office	Date of resignation	Status of appointment	Committees served	Attendance
Mrs P Catherall	5 July 2012; reappointed 4 July 2014	4 years		Foundation	Finance and Resources	100%
Ms M Clare	7 July 2016	2 years		Student Governor	Quality & Standards	100%
Mr P Collier	8 December 2013; reappointed 4 July 2014	4 years		Governor	Finance and Resources	87.5%
Mr S Dale	6 February 2006; reappointed 4 July 2014	4 years		Foundation	Chair: Finance and Resources/Q & S	100%
Mr A Grant	12 December 2013	4 years	19 October 2017	Parent	Audit	25%
Mr J Gresty	5 July 2010; reappointed 4 July 2014	4 years	6 July 2017	Staff Governor	Quality and Standards	100%
Mr M Higgins	8 December 2012;reappointed July 17	4 years		Foundation	Audit	75%
Father J Hindley	30 April 2015	4 years		Link Governor	Mission and Ethos	50%
Mr J Lumb	reappointed 4 July 2014	4 years		Foundation – Chair	Quality and Standards, Finance and Resources, Remuneration, Search	100%
Dr C Morgan	13 December 2004; reappointed 4 July 2014	4 years		Foundation	Audit	87.5%
Mr P McGhee	5 July 2010; reappointed 4 July 2014	4 years		Principal	Finance and Resources, Quality and Standards	92%
Mr P McGuire	7 July 2016	4 years		Foundation	Audit; Q & S	75%
Mr P Phillips	3 October 2010; reappointed 4 July 2014	4 years		Foundation	Chair: Quality and Standards	75%
Mrs T Richardson	4 July 2014	4 years		Foundation	Quality and Standards	87.5%
Mrs P Tate	19 September 2011; reappointed July17	4 years		Foundation	Chair: Audit, Quality and Standards	75%
Mr D Fletcher acts as Clerk to the Corporation.						

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

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

The Corporation conducts its business through a number of committees. Each committee has terms of reference, which have been approved by the Corporation. These committees are finance and resources, remuneration, quality and standards and audit. Full minutes of all meetings, except those deemed to be confidential, are available on the College's website at sjr.ac.uk or from the Clerk to the Corporation at:

St John Rigby College
Gathurst Road
Orrell
OL6 AB

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

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

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

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

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

Appointments to the Corporation

Any new appointments to the Corporation are a matter for the consideration of the Corporation as a whole. The Corporation has a search committee, consisting of three members of the Corporation, which is responsible for the selection and nomination of any new member for the Corporation consideration. The Corporation is responsible for ensuring that appropriate training is provided as required.

Members of the Corporation are appointed for a term of office not exceeding four years.

Remuneration Committee

Throughout the year ending 31 July 2017 the College's Remuneration Committee comprised three members of the Corporation. The Committee's responsibilities are to make recommendations to the Board on the remuneration and benefits of the Accounting Officer and other key management personnel.

Details of remuneration for the year ended 31 July 2017 are set out in note 6 to the financial statements.

Audit Committee

The Audit Committee comprises four members of the Corporation (excluding the Accounting Officer and Chair). The Corporation operates in accordance with written terms of reference approved by the Corporation.

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

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

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

Internal control

Scope of responsibility

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

The Corporation has delegated the day-to-day responsibility to the Principal, as Accounting Officer, for maintaining a sound system of internal control that supports the achievement of the College's policies, aims and objectives, whilst safeguarding the public funds and assets for which he is personally responsible, in accordance with the responsibilities assigned to him in the Financial Memorandum between St John Rigby College and the funding bodies. He is also responsible for reporting to the Corporation any material weaknesses or breakdowns in internal control.

The purpose of the system of internal control

The system of internal control is designed to manage risk to a reasonable level rather than to eliminate all risk of failure to achieve policies, aims and objectives; it can therefore only provide reasonable and not absolute assurance of effectiveness. The system of internal control is based on an 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 31 July 2017 and up to the date of approval of the annual report and accounts.

Capacity to handle risk

The Corporation has reviewed the key risks to which the College is exposed together with the operating, financial and compliance controls that have been implemented to mitigate those risks. The Corporation is of the view that there is a formal ongoing process for identifying, evaluating and managing the College's significant risks that has been in place for the period ending 31 July 2017 and up to the date of approval of the annual report and accounts. This process is regularly reviewed by the Corporation.

The risk and control framework

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

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

St John Rigby College has not appointed an internal audit service for the year ended 31 July 2017. For that year, the College management and Governors have assessed the internal controls and developed a Board Assurance Framework, clearly showing the mapping of assurance sources against the risks identified.

The College analysed the risks to which it was exposed and a programme of assurance was agreed with the Audit Committee. The Committee was provided with regular reports on this assurance activity in the College which included:

- Health and Safety.

Review of effectiveness

As Accounting Officer, the Principal has responsibility for reviewing the effectiveness of the system of internal control. His review of the effectiveness of the system of internal control is informed by:

- 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 reporting accountant for regularity assurance, the appointed funding auditors (for colleges subject to funding audit) in their management letters and other reports.

The Accounting Officer 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 other sources of assurance, and a plan to address weaknesses and ensure continuous improvement of the system is in place.

The senior management team receives reports setting out key performance and risk indicators and considers possible control issues brought to their attention by early warning mechanisms, which are embedded within the departments and reinforced by risk awareness training. The senior management team and the Audit Committee also receive regular reports from internal audit and other sources of assurance, which include recommendations for improvement. The Audit Committee's role in this area is confined to a high-level review of the arrangements for internal control. The Corporation's agenda includes a regular item for consideration of risk and control and receives reports thereon from the senior management team and the Audit Committee. The emphasis is on obtaining the relevant degree of assurance and not merely reporting by exception. At its November 2017 meeting, the Corporation carried out the annual assessment for the year ended 31 July 2017 by considering documentation from the senior management team and internal audit, and taking account of events since 31 July 2017.

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

Going concern

After making appropriate enquiries, the Corporation considers that the College has adequate resources to continue in operational existence for the foreseeable future. For this reason, it continues to adopt the going concern basis in preparing the financial statements.

Approved by order of the members of the Corporation on 13 December 2017 and signed on its behalf by:

....	....
Mr P McGhee	**MR J F Lumb**
Accounting Officer	**Chair**
Date: 13/12/17	**Date:**

Corporation's statement on the College's regularity, propriety and compliance with Funding body terms and conditions of funding

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

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

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

....	....
Mr P McGhee	**Mr J F Lumb**
Accounting Officer	**Chair**
Date 13/12/17	**Date**

Responsibilities of the Members of the Corporation

The members of the Corporation are required to present audited financial statements for each financial year.

Within the terms and conditions of the Funding Agreement between the Education and Skills Funding Agency and the Corporation of the College, the Corporation, through its Accounting Officer, is required to prepare financial statements for each financial year in accordance with the *2015 Statement of Recommended Practice – Accounting for Further and Higher Education* and with the *College Accounts Direction 2016 to 2017* issued by the ESFA, and which give a true and fair view of the state of affairs of the College and the result for that year.

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

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

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

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

The maintenance and integrity of the College website is the responsibility of the Corporation 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.

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

Approved by order of the members of the Corporation on 13 December 2017 and signed on its behalf by:

....

Mr J F Lumb
Chair

Independent auditor's report to the Corporation of St John Rigby College

We have audited the financial statements of St John Rigby College ("the College") for the year ended 31 July 2017 which comprise the Statement of Comprehensive Income, the Statement of Changes in Reserves, the Balance Sheet, the Statement of Cash Flows and notes to the financial statements, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland".

In our opinion the financial statements:

- give a true and fair view of the state of the College's affairs as at 31 July 2017 and of the College's deficit of income over expenditure for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice.

Basis for opinion

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

Conclusions relating to going concern

We have nothing to report in respect of the following matters in relation to which the ISAs (UK) require us to report to you where:

- the Corporation's use of the going concern basis of accounting in the preparation of the financial statements is not appropriate; or
- the Corporation have not disclosed in the financial statements any identified material uncertainties that may cast significant doubt about the College's ability to continue to adopt the going concern basis of accounting for a period of at least twelve months from the date when the financial statements are authorised for issue.

Other information

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

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

We have nothing to report in this regard.

Matters on which we are required to report by exception

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

- adequate accounting records have not been kept; or
- the financial statements are not in agreement with the accounting records and returns; or
- the information given in the report of the Members of the Corporation, including the operating and financial review and statement of corporate governance, is inconsistent with the financial statements; and
- we have not received all the information and explanations we require for our audit.

Responsibilities of Corporation

As explained more fully in the Statement of Responsibilities of the Member of the Corporation set out on page 20, the Corporation are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view and for such internal control as the Corporation determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the Corporation are responsible for assessing the College's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Corporation intend to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities for the audit of the financial statements

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

Our responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and International Standards on Auditing (UK). Those standards require us to comply with the Financial Reporting Council's Ethical Standard. This report is made solely to the Corporation 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 Corporation 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 College and the Corporation, as a body, for our audit work, for this report, or for the opinions we have formed.

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

Mazars LLP

Mazars LLP
Chartered Accountants and Statutory Auditor
14th Floor
The Plaza
100 Old Hall Street
Liverpool
L3 9QJ
Date: 18 December 2017

Reporting accountant's assurance report on regularity

To: The Corporation of St John Rigby College and Secretary of State for Education acting through The Department for Education ("the Department")

In accordance with the terms of our engagement letter dated 3 October 2017 and further to the requirements of the funding agreement with Education Funding Agency we have carried out an engagement to obtain limited assurance about whether anything has come to our attention that would suggest that in all material respects the expenditure disbursed and income received by St John Rigby College during the period 1 August 2016 to 31 July 2017 have not been applied to the purposes identified by Parliament and the financial transactions do not conform to the authorities which govern them.

The framework that has been applied is set out in the Post 16 Audit Code of Practice ("the Code2") issued by the Department. In line with this framework, our work has specifically not considered income received from the main funding grants generated through the Individualised Learner Record (ILR) returns, for which the Education and Skills Funding Agency has other assurance arrangements in place.

This report is made solely to the Corporation of St John Rigby College and the Department in accordance with the terms of our engagement letter. Our work has been undertaken so that we might state to the Corporation of St John Rigby College and the Department those matters we are required to state in a report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Corporation of St John Rigby College and the Department for our work, for this report, or for the conclusion we have formed.

Respective responsibilities of St John Rigby College and the reporting accountant

The Corporation 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 expenditure disbursed and income received is applied for the purposes intended by Parliament and the financial transactions conform to the authorities which govern them.

Our responsibilities for this engagement are established in the United Kingdom by our profession's ethical guidance and are to obtain limited assurance and report in accordance with our engagement letter and the requirements of the Code. We report to you whether anything has come to our attention in carrying out our work which suggests that in all material respects, expenditure disbursed and income received during the period 1 August 2016 to 31 July 2017 have not been applied to purposes intended by Parliament or that the financial transactions do not conform to the authorities which govern them.

Approach

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

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

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

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

Reporting accountant's assurance report on regularity (continued)

The work undertaken to draw to our conclusion includes:

- Reviewed the statement on the College's regularity, propriety and compliance with Funding body terms and conditions of funding.
- Reviewed the College's completed self-assessment questionnaire on regularity.
- Read the financial memorandum with the SFA/ funding agreement with the EFA.
- Tested a sample of expenditure disbursed and income received to consider whether they have been applied to purposes intended by Parliament and in accordance with funding agreements where relevant.
- Reviewed all payments to senior post holders on termination of employment or in respect of claims made in the year
- Reviewed approved policies and procedures operating during the year for each funding stream that has specific terms attached
- Obtained the policy for personal gifts and/or hospitality.
- Obtained the register of personal interests.
- Obtained the financial regulations/financial procedures.
- Obtained the College's whistleblowing policy.

Conclusion

In the course of our work, nothing has come to our attention which suggests that in all material respects the expenditure disbursed and income received during the period 1 August 2016 to 31 July 2017 has not been applied to purposes intended by Parliament and the financial transactions do not conform to the authorities which govern them.

Signed: Mazars LLP

Mazars LLP
14th Floor
The Plaza
100 Old Hall Street
Liverpool
L3 9QJ

Date: 18 December 2017

Statement of Comprehensive Income

	Notes	2017	Restated 2016
		College	**College**
		£000's	**£000's**
INCOME			
Funding body grants	2	6,523	6,844
Tuition fees and education contracts	3	374	386
Other income	4	679	602
Investment income	5	1	3
Total income		**7,577**	**7,835**
EXPENDITURE			
Staff costs	6	5,844	5,882
Other operating expenses	7	1,632	1,576
Depreciation	10	427	470
Interest and other finance costs	8	106	111
Total expenditure		**8,009**	**8,039**
Deficit before other gains and losses		**(432)**	**(204)**
Actuarial gain/ (loss)in respect of pension schemes	18	203	(369)
Total Comprehensive Income for the year		**(229)**	**(573)**
Represented by:			
Unrestricted comprehensive income		(229)	(573)
		(229)	(573)

Statement of Changes in Reserves

	Income and expenditure account	Revaluation reserve	Total
	£000's	£000's	£000's
Balance at 1 August 2015(As previously stated)	1,862	2,206	4,068
Adjustment for opening position for defined pension obligations	(1,030)	-	(1,030)
Restated balance at 1 August 2015	832	2,206	3,038
Restated deficit from the income and expenditure account	(573)	-	(573)
Transfers between revaluation and income and expenditure reserves	65	(65)	-
Restated Balance at 31 July 2016	324	2,141	2,465
Deficit from the income and expenditure account	(229)	-	(229)
Transfers between revaluation and income and expenditure reserves	65	(65)	-
Total comprehensive income for the year	(164)	(65)	(229)
Balance at 31 July 2017	160	2,076	2,236

Balance sheet as at 31 July

	Notes	2017 £000's	Restated 2016 £000's
Non current assets			
Tangible Fixed assets	10	8,217	8,517
		8,217	**8,517**
Current assets			
Stocks		3	4
Trade and other receivables	11	97	91
Cash and cash equivalents	15	617	841
		717	**936**
Less: Creditors – amounts falling due within one year	12	(850)	(922)
Net current (liabilities)		**(133)**	**14**
Total assets less current liabilities		**8,084**	**8,531**
Creditors – amounts falling due after more than one year	13	(4,202)	(4,474)
Provisions			
Defined benefit obligations	18	(1,646)	(1,592)
Total net assets		**2,236**	**2,465**
Unrestricted Reserves			
Income and expenditure account		160	324
Revaluation reserve		2,076	2,141
Total unrestricted reserves		**2,236**	**2,465**

The financial statements on pages 25 to 45 were approved and authorised for issue by the Corporation on 13 December 2017 and were signed on its behalf on that date by:

Joe F. Lumb

Mr J F Lumb

Chair

Mr P McGhee

Accounting Officer

Statement of Cash Flows

	Notes	2017 £000's	Restated 2016 £000's
Cash flow from operating activities			
Deficit for the year		(432)	(204)
Adjustment for non-cash items			
Depreciation		427	470
Decrease (Increase) in stocks		1	(2)
(Increase)/decrease in debtors		(6)	(6)
(Decrease)/increase in creditors due within one year		(71)	(245)
Decrease in creditors due after one year		(151)	(151)
Pensions costs less contributions payable		216	154
Adjustment for investing or financing activities			
Investment income		(1)	(3)
Interest payable		106	111
Net cash flow from operating activities		89	124
Cash flows from investing activities			
Investment income		1	3
Payments made to acquire fixed assets		(127)	(197)
		(126)	(194)
Cash flows from financing activities			
Interest paid		(65)	(72)
Repayments of amounts borrowed		(122)	(122)
		(187)	(194)
(Decrease)/increase in cash and cash equivalents in the year		**(224)**	**(264)**
Cash and cash equivalents at beginning of the year	15	841	1,105
Cash and cash equivalents at end of the year	15	617	841
Movement in cash in year		**(224)**	**(264)**

Notes to the Accounts

1. Statement of accounting policies and estimation techniques

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 2015* (the 2015 FE HE SORP), the *College Accounts Direction for 2015 to 2016* and in accordance with Financial Reporting Standard 102 – *"The Financial Reporting Standard applicable in the United Kingdom and Republic of Ireland"* (FRS 102). The College is a public benefit entity and has therefore applied the relevant public benefit requirements of FRS 102.

The results for the comparative year have been restated as a results of the Greater Manchester Pension Fund being de-pooled. The impact of this is detailed in note 19.

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

Basis of accounting

The financial statements are prepared in accordance with the historical cost convention as modified by the use of previous valuations as deemed cost at transition for certain non-current assets.

Going concern

The activities of the College, together with the factors likely to affect its future development and performance are set out in the Members Report. The financial position of the College, its cashflow, liquidity and borrowings are presented in the Financial Statements and accompanying Notes.

The College currently has £1.1m of loans outstanding with Barclays Bank on terms negotiated in 2005. The College's forecasts and financial projections indicate that it will be able to operate within this existing facility and covenants for the foreseeable future.

Accordingly 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

Government revenue grants include funding body recurrent grants and other grants and are accounted for under the accrual model as permitted by FRS 102. Funding body recurrent grants are measured in line with best estimates for the period of what is receivable and depend on the particular income stream involved. Any under or over achievement for the Adult 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 following the year end, and the results of any funding audits. 16-18 learner-responsive funding is not normally subject to reconciliation and is therefore not subject to contract adjustments.

Grants (including research grants) from non-government sources are recognised in income when the College is entitled to the income and performance related conditions have been met. Income received in advance of performance related conditions being met is recognised as deferred income within creditors on the balance sheet and released to income as the conditions are met.

Government capital grants are capitalised, held as deferred income and recognised in income over the expected useful life of the asset, under the accrual method as permitted by FRS 102. Other capital grants are recognised in income when the College is entitled to the funds subject to any performance related conditions being met.

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

Accounting for post-employment benefits

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

Teachers' Pension Scheme (TPS)

The TPS is an unfunded scheme. Contributions to the TPS are calculated so as to spread the cost of pensions over employees' working lives with the College in such a way that the pension cost is a substantially level percentage of current and future pensionable payroll. The contributions are determined by qualified actuaries on the basis of valuations using a prospective benefit method.

The TPS is a multi-employer scheme and 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 plan and the contributions recognised as an expense in the income statement in the periods during which services are rendered by employees.

Greater Manchester Pension Scheme (GMPS)

The GMPS is a funded scheme. The assets of the GMPS are measured using closing fair values. GMPS liabilities are measured using the projected unit credit method and discounted at the current rate of return on a high quality corporate bond of equivalent term and currency to the liabilities. The actuarial valuations are obtained triennially and are updated at each balance sheet date. The amounts charged to operating surplus are the current service costs and the costs of scheme introductions, benefit changes, settlements and curtailments. They are included as part of the staff costs as incurred.

Net interest of the net defined benefit liability/asset is also recognised in the Statement of Comprehensive Income and comprises the interest cost on the defined benefit obligation and interest income on the scheme assets, calculated by multiplying the fair value of the scheme assets at the beginning of the period by the rate used to discount the benefit obligations. The difference between the interest income on the scheme assets and the actual return on the scheme assets is recognised in interest and other finance costs.

Actuarial gains and losses are recognised immediately in actuarial gains and losses.

Short term Employment benefits

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

Non-current Assets - Tangible fixed assets

Tangible fixed assets are stated at deemed cost less accumulated depreciation and accumulated impairment losses. Certain items of fixed assets that had been revalued to fair value on or prior to the date of transition to the 2015 FE HE SORP, are measured on the basis of deemed cost, being the revalued amount at the date of that revaluation.

Land and buildings

Freehold buildings are depreciated on a straight line basis over their expected useful lives as follows:

- Buildings – 40 years
- Refurbishments – 15 years

Freehold land is not depreciated.

Freehold buildings are depreciated over their expected useful economic life to the College of between 20 and 50 years. The College has a policy of depreciating major adaptations to buildings over the period of their useful economic life of between 20 and 50 years.

Where land and buildings are acquired with the aid of specific grants, they are capitalised and depreciated as above. The related grants are credited to a deferred income account within creditors, and are released to the income and expenditure account over the expected useful economic life of the related asset on a systematic basis consistent with the depreciation policy. The deferred income is allocated between creditors due within one year and those due after more than one year.

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

On adoption of FRS 102, the College followed the transitional provision to retain the book value of land and buildings, which were revalued in 1996 as deemed cost but not to adopt a policy of revaluations of these properties in the future.

Subsequent expenditure on existing fixed assets

Where significant expenditure is incurred on tangible fixed assets after initial purchase it is charged to income in the period it is incurred, unless it increases the future benefits to the College, in which case it is capitalised and depreciated on the relevant basis.

Equipment

Equipment costing less than £500 per individual item is recognised as expenditure in the period of acquisition. All other equipment is capitalised at cost.

Capitalised equipment is depreciated on a straight-line basis over its remaining useful economic life as follows:

- Computers 3 years
- Equipment 5 years

Borrowing costs

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

Inventories

Inventories are stated at the lower of their cost and net realisable value.

Cash and cash equivalents

Cash is represented by cash in hand and deposits with financial institutions.

Taxation

The College is considered to pass the tests set out in Paragraph 1 Schedule 6 Finance Act 2010 and therefore it meets the definition of a charitable company for UK corporation tax purposes. Accordingly, the College is potentially exempt from taxation in respect of income or capital gains received within categories covered by sections 478-488 of the Corporation Tax Act 2010 or Section 256 of the Taxation of Chargeable Gains Act 1992, to the extent that such income or gains are applied exclusively to charitable purposes.

Provisions and contingent liabilities

Provisions are recognised when

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

Where the effect of the time value of money is material, the amount expected to be required to settle the obligation is recognised at present value using a pre-tax discount rate. The unwinding of the discount is recognised as a finance cost in the statement of comprehensive income in the period it arises.

A contingent liability arises from a past event that gives the College a possible obligation whose existence will only be confirmed by the occurrence or otherwise of uncertain future events not wholly within the control of the College. Contingent liabilities also arise in circumstances where a provision would otherwise be made but either it is not probable that an outflow of resources will be required or the amount of the obligation cannot be measured reliably.

Contingent liabilities are not recognised in the balance sheet but are disclosed in the notes to the financial statements.

Agency arrangements

The College acts as an agent in the collection and payment of discretionary support funds. Related payments received from the funding bodies and subsequent disbursements to students are excluded from the income and expenditure of the College where the College is exposed to minimal risk or enjoys minimal economic benefit related to the transaction.

Judgements in applying accounting policies and key sources of estimation uncertainty

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

- Determine whether there are indicators of impairment of the college's tangible assets. Factors taken into consideration in reaching such a decision include the economic viability and expected future financial performance of the asset and where it is a component of a larger cash-generating unit, the viability and expected future performance of that unit.

Other key sources of estimation uncertainty

- *Tangible fixed assets*

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

- *Local Government Pension Scheme*

The present value of the Local Government Pension Scheme defined benefit liability depends on a number of factors that are determined on an actuarial basis using a variety of assumptions. The assumptions used in determining the net cost (income) for pensions include the discount rate. Any changes in these assumptions, which are disclosed in note 18, will impact the carrying amount of the pension liability. Furthermore a roll forward approach which projects results from the latest full actuarial valuation performed at 31 March 2013 has been used by the actuary in valuing the pensions liability at 31 July 2017. Any differences between the figures derived from the roll forward approach and a full actuarial valuation would impact on the carrying amount of the pension liability.

2 Funding body grants

	2017 College £000's	2016 College £000's
Recurrent grants		
Education and Skills Funding Agency	6,205	6,608
Specific grants		
Release of deferred capital grant	151	158
Release of revenue grants	78	-
Free college meals	89	78
Total	**6,523**	**6,844**

3 Tuition fees and education contracts

	2017 College £000's	2016 College £000's
LEA Education contracts	374	386
Total	**374**	**386**

4 Other income

	2017 College £000's	2016 College £000's
Catering and residences	386	378
Other income generating activities	20	44
Miscellaneous income	273	180
Total	**679**	**602**

5 Investment income

	2017 College £000's	2016 College £000's
Interest receivable	1	3
Total	**1**	**3**

6 Staff costs

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

	2017	2016
	No.	No.
Teaching staff	70	71
Non-teaching staff	58	59
	128	**130**

Staff costs for the above persons

	2017	Restated 2016
	£000's	£000's
Wages and salaries	4,329	4,236
Social security costs	401	382
Other pension costs	694	655
Defined benefit pension charges	216	154
Payroll sub total	**5,640**	**5,427**
Contracted out staffing services	161	366
	5,801	**5,793**
Fundamental restructuring costs – Non Contractual	43	89
Total Staff costs	**5,844**	**5,882**

Key management personnel

Key management personnel are those persons having authority and responsibility for planning, directing and controlling the activities of the College and are represented by the Senior Leadership Team which comprises the Principal, Dominic Jones, Director of Curriculum and Quality and Anne White, Director of Students.

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

	2017	2016
	No.	No.
The number of key management personnel including the Accounting Officer was:	3	3

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

	Key management personnel	
	2017	2016
	No.	No.
£50,001 to £60,000 p.a.	1	-
£60,001 to £70,000 p.a.	1	2
£100,000 to £110,000 p.a.	1	1
	3	**3**

	2017	2016
	£000's	£000's
Salaries	229	227
Benefits in kind	-	-
	229	227
Pension contributions	37	37

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

7 Other operating expenses

	2017	2016
	College	College
	£000's	£000's
Teaching Departments	234	217
Teaching Support Services	38	32
Other Support Services	89	32
Administration and Central Services	364	397
General Education Expenditure	317	345
Premises costs – Running Costs	166	165
Premises Costs – Maintenance	139	131
Planned Maintenance	-	-
Catering	285	257
Total	**1,632**	**1,576**

Other operating expenses include:	**2017**	**2016**
	£000's	£000's
Auditors' remuneration:		
Financial statements audit	13	15
Other services provided by the financial statements auditor		
- Internal audit	-	3
- VAT consultancy services	3	3

8 Interest Payable

	2017	2016
	£000's	£000's
On bank loans:	65	72
Pension Finance Cost	41	39
Total	**106**	**111**

9 Taxation

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

10 Fixed Assets

	Land and buildings £000's	Computers £000's	Other Equipment £000's	Total £000's
Cost or valuation				
At 1 August 2016	10,348	565	1,061	11,974
Additions	17	45	65	127
Disposals	-	-	(7)	(7)
At 31 July 2017	**10,365**	**610**	**1,119**	**12,094**
Depreciation				
At 1 August 2016	2,163	434	860	3,457
Charge for the year	246	93	88	427
Elimination in respect of disposals	-	-	(7)	(7)
At 31 July 2017	**2,409**	**527**	**941**	**3,877**
Net book value at 31 July 2017	**7,956**	**83**	**178**	**8,217**
Net book value at 31 July 2016	8,185	131	201	8,517

The tangible fixed assets inherited from the local education authority on 1 April 1993 have been valued on a depreciated replacement 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 ESFA in conjunction with section 17 of FRS 102; Substance over legal form, the land and buildings have been included in these accounts at the valuation date of 1 April 2001.

If fixed assets had not been revalued before being deemed as cost on transition they would have been included at the following historical cost amounts:

	£000's
Cost	Nil
Aggregate depreciation based on cost	Nil
Net book value based on cost	**Nil**

11 Debtors

	College 2017 £000's	College 2016 £000's
Amounts falling due within one year:		
Trade receivables	16	10
Prepayments and accrued income	81	81
Total	**97**	**91**

12 Creditors: amounts falling due within one year

	College 2017 £000's	College 2016 £000's
Bank loans	122	122
Other taxation and social security	102	97
Trade payables	90	64
Accruals and deferred income	384	442
Deferred income - government capital grants	151	151
Deferred income – government revenue grants	-	40
Other	1	6
Total	**850**	**922**

13 Creditors: amounts falling due after one year

	College 2017 £000's	College 2016 £000's
Bank loans	949	1,071
Deferred income - government capital grants	3,253	3,403
Total	**4,202**	**4,474**

14 Maturity of debt

Bank Loans	College 2017 £000's	College 2016 £000's
In one year or less	122	122
Between one and two years	122	122
Between two and five years	367	367
In five years or more	460	582
Total	**1,071**	**1,193**

Bank loans at 5.65 per cent repayable by instalments falling due between 1 April 2005 and 31 July 2026 totalling £2,080,000.

15 Cash and cash equivalents

	At 1 August 2016	Cash flows	At 31 July 2017
	£000's	£000's	£000's
Cash and cash equivalents	841	(224)	617
Total	**841**	**(224)**	**617**

16 Capital and other commitments

	2017	2016
	£000's	£000's
Commitments contracted for at 31 July	-	-

17 Events after the reporting period

There are no events after the reporting period

18 Defined benefit obligations

The College's employees belong to two principal post-employment benefit plans: the Teachers' Pension Scheme England and Wales (TPS) for academic and related staff; and Greater Manchester Pension Scheme (GMPS) for non-teaching staff, which is managed by Tameside Metropolitan Borough Council. Both are multi-employer defined-benefit plans.

The pension costs are assessed in accordance with the advice of independent qualified actuaries. The latest formal actuarial valuation of the TPS was 31 March 2012 and of the LGPS 31 March 2016.

Total pension cost for the year		**2017**		**2016**
		£000		**£000**
Teachers' Pension Scheme: contributions paid		502		469
Local Government Pension Scheme:				
Contributions paid	192		186	
FRS 102 (28) charge	216		-	
Charge to the Statement of Comprehensive Income		408		186
Enhanced pension charge to Statement of Comprehensive Income		-		-
Total Pension Cost for Year within staff costs		**910**		**655**

There were no outstanding or prepaid contributions at either the beginning or the end of the financial year/Contributions amounting to £82,000 (2016 £80,000) were payable to the scheme at 31st July and are included within creditors.

Teachers' Pension Scheme

The Teachers' Pension Scheme (TPS) is a statutory, contributory, defined benefit scheme, governed by the Teachers' Pensions Regulations 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. Retirement and other pension benefits are paid by public funds provided by Parliament.

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 are:

- New employer contribution rates were set at 16.48% of pensionable pay (including administration fees of 0.08%);
- total scheme liabilities (pensions currently in payment and the estimated cost of future benefits) for service to the effective date of £191,500 million, and notional assets (estimated future contributions together with the notional investments held at the valuation date) of £176,600 million giving a notional past service deficit of £14,900 million;
- an employer cost cap of 10.9% of pensionable pay.
- the assumed real rate of return is 3.0% in excess of prices and 2% in excess of earnings. The rate of real earnings growth is assumed to be 2.75%. The assumed nominal rate of return is 5.06%.

The new employer contribution rate for the TPS was implemented in September 2015. The next valuation of the TPS is currently underway based on April 2016 data, whereupon the employer contribution rate is expected to be reassessed and will be payable from 1 April 2019.

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

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

Scheme Changes

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

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

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

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

The pension costs paid to TPS in the year amounted to £989,000 (2016: £1,490,000)

FRS 102 (28)

Under the definitions set out in FRS 102 (28.11), the TPS is a multi-employer pension plan. The College is unable to identify its share of the underlying assets and liabilities of the plan.

Accordingly, the College has taken advantage of the exemption in FRS 102 and has accounted for its contributions to the scheme as if it were a defined-contribution plan. The College has set out above the information available on the plan and the implications for the College in terms of the anticipated contribution rates.

Greater Manchester Pension Scheme

The Greater Manchester Pension Scheme is a funded defined-benefit plan, with the assets held in separate funds administered by Tameside Metropolitan Borough Council. The total contributions made for the year ended 31 July 2017 were *£261,000*, of which employer's contributions totalled *£192,000* and employees' contributions totalled *£69,000*. The agreed contribution rates for future years are 17.4% for employers and range from 5.5% to 7.5% for employees, depending on salary.

Principal Actuarial Assumptions

The following information is based upon a full actuarial valuation of the fund at 31 March 2016 updated to 31 July 2017 by a qualified independent actuary.

	At 31 July 2017	**At 31 July 2016**
Rate of increase in salaries	3.3%	3.2%
Future pensions increases	2.5%	1.9%
Discount rate for scheme liabilities	2.7%	2.4%

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

	At 31 July 2017	**At 31 July 2016**
	years	years
Retiring today		
Males	21.5	
Females	24.1	
Retiring in 20 years		
Males	23.7	
Females	26.2	

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

	Long-term rate of return expected at 31 July 2017	**Fair Value at 31 July 2017 £000's**	**Long-term rate of return expected at 31 July 2016**	**Fair Value at 31 July 2016 £000's**
Equity instruments	8.0%	4,268	8.0%	3,674
Debt instruments	5.9%	952	6.0%	855
Property	7.2%	354	7.2%	252
Cash	4.5%	354	4.5%	252
Total fair value of plan assets		**5,928**		**5,033**
Actual return on plan assets		**573**		**361**

The amount included in the balance sheet in respect of the defined benefit pension plan is as follows:

	2017	**2016**
	£000's	**£000's**
Fair value of plan assets	5,928	5,033
Present value of plan liabilities	(7,574)	(6,616)
Present value of unfunded liabilities	-	(9)
Net pensions (liability)/asset	**(1,646)**	**(1,592)**

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

	2017 £000's	2016 £000's
Amounts included in staff costs		
Current service cost	(408)	(340)
Past service cost	-	-
Total	**(408)**	**(340)**
Amounts included in investment income		
Net interest charge	(41)	(39)
	(41)	**(39)**
Amount recognised in Other Comprehensive Income		
Return on pension plan assets	573	361
Changes in assumptions underlying the present value of plan liabilities	(370)	(730)
Amount recognised in Other Comprehensive Income	**203**	**(369)**

Movement in net defined benefit (liability)/asset during year

	2017 £000's	2016 £000's
Net defined benefit (liability)/asset in scheme at 1 August	(1,592)	(1,030)
Movement in year:		
Current service cost	(408)	(340)
Employer contributions	192	186
Net interest on the defined (liability)/asset	(41)	(39)
Actuarial gain or loss	203	(369)
Net defined benefit (liability)/asset at 31 July	**(1,646)**	**(1,592)**

Asset and Liability Reconciliation

	2017	2016
	£000's	£000's
Changes in the present value of defined benefit obligations		
Defined benefit obligations at start of period	6,625	5,346
Current service cost	408	340
Interest cost	164	198
Contributions by Scheme participants	69	69
Experience gains and losses on defined benefit obligations	-	-
Changes in financial assumptions	370	730
Estimated benefits paid	(62)	(58)
Defined benefit obligations at end of period	**7,574**	**6,625**

Changes in fair value of plan assets

	2017	2016
Fair value of plan assets at start of period	5,033	4,316
Interest on plan assets	123	159
Return on plan assets	573	361
Employer contributions	192	186
Contributions by Scheme participants	69	69
Estimated benefits paid	(62)	(58)
Fair value of plan assets at end of period	**5,928**	**5,033**

19 Related party transactions

Owing 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 such organisations are conducted at arm's length and in accordance with the College's financial regulations and normal procurement procedures.

The total expenses paid to or on behalf of the Governors during the year was £1,136; 2 governors (2016: £412; 2 governors). This represents travel and subsistence expenses and other out of pocket expenses incurred in attending Governor meetings and charity events in their official capacity.

No Governor has received any remuneration or waived payments from the College or its subsidiaries during the year (2016: None).

20 Amounts disbursed as agent

	2017 £000's	2016 £000'ss
Balance unspent brought forward	54	2
Funding body grants	220	240
Interest earned	-	-
	274	242
Disbursed to students	(195)	(176)
Administration costs	(10)	(12)
Balance unspent as at 31 July, included in creditors	69	54

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

21 Prior year adjustment

Until March 2017 the college has been part of a pooled pension fund for the Greater Manchester Pension Scheme. Assets and liabilities of this fund were not separately analysed and the college were therefore not able to recognise their proportion of the deficit on this scheme. In March 2017 the scheme was de-pooled and an actuarial report produced as at 31 July 2017 showing the allocation to St John Rigby College and the movements in assets and liabilities over the last two years. As such a prior year adjustment has been recognised in the financial statements to recognise the deficit as if it had always existed. The effect on the previously reported results in the prior year are as follows:

The effect on prior years is as follows:

Restated Statement of Comprehensive income as at 31st July 2016

	2016 £000's
Previously reported deficit for year ended 31 July 2016	(11)
<u>Adjustments related to FRS102 (28) pension note:</u>	
Current service cost less employer contributions	(154)
Additional net interest	(39)
Actuarial loss on re-measurement	(369)
Restated deficit for the year ended 31 July 2016	(573)

Restated of Income and Expenditure Reserve as at 31 July 2016

	2016
	£000's
Previously reported reserves at 1 August 2015	1,862
Pension deficit as at 1 August 2015	(1,030)
Restated income and expenditure reserve as at 1 August 2015	832
Restated deficit for year ended 31 July 2016 (above)	(573)
Transfers between revaluation and income and expenditure reserves	65
Restated income and expenditure reserve for the year ended 31 July 2016	324