St Mary's College
Shear Brow
Blackburn
Lancashire
BB1 8DX

MEMBERS' REPORT AND FINANCIAL STATEMENTS

FOR THE PERIOD

1 AUGUST 2018 TO 31 JULY 2019

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www.stmarysblackburn.ac.uk

Contents

Key management personnel

Key management personnel are defined as members of the College Leadership Team and were represented by the following in 2018/19:

Jenny Singleton – Principal & CEO to 30th June 2019
Kelvin Rice – Vice Principal; Students to 31 August 2018
Elissa Best – Vice Principal; Quality, Ofsted Quality Nominee; Interim Principal from 1st July 2019

Board of Governors

A full list of Governors is given on page 11 of these financial statements. Mrs L Farnhill acts as Clerk to the Governing Body.

Professional Advisors

Financial Statement and Regularity Auditors:

Mazars LLP, One St Peter's Square, Manchester, M2 3DE

Bankers:

Barclays Bank plc, Corporate Banking Centre, 1ST Floor, 3 Hardman Street, Spinningfields, Manchester, M3 3HF

Solicitors:

Farleys, 22-27 Richmond Terrace, Blackburn, Lancashire, BB1 7AQ

Browne Jacobson, Mowbray House, Castle Meadow Road, Nottingham, NG12 1BJ

Report of the Governing Body for the Year from 1 August 2018 to 31 July 2019

Operating and Financial Review

Nature, Objectives and Strategies

The members present their annual report together with the financial statements and auditor's report for the year ended 31 July 2019.

Legal Status

The Corporation was established under the Further and Higher Education Act 1992 for the purpose of conducting St. Mary's College. The College is an exempt charity for the purposes of Part 3 of the Charities Act 2011 and is regulated by the Secretary of State for Education.

Mission Statement

St Mary's College is a Roman Catholic College operating under the trusteeship of the Marist Fathers. We base our philosophy on the true Christian values proclaimed in the gospel and seek to provide challenging, high quality education whereby all members of the College community can grow as balanced individuals, morally, intellectually and spiritually.

Mission

The College aims to fulfil its mission by providing nationally accredited learning programmes at levels 1, 2 and 3 for full-time, 16-19 year old students.

The College is linked with Liverpool Hope University and the University of Central Lancashire in the delivery of Degree courses.

The College operates three nurseries in Blackburn. All three nurseries provide excellent quality and are financially sustainable.

Public Benefit

St Mary's College is an exempt charity under the Part 3 of the Charities Act 2011 is regulated by the Secretary of State for Education. The members of the Governing Body, who are trustees of the charity, are disclosed on page 11.

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

Operating and Financial Review (continued)

Implementation of Strategic Plan

The Governing Body monitors the performance of the College against its strategic objectives.

The 4 Key Strategic Aims are:

- To ensure that the College achieves sustainable recruitment to safeguard future viability and accommodate changes to the funding methodology
- To ensure the highest quality educational provision
- To develop and consolidate a curriculum offer that attracts high-achieving 16 year old students while providing appropriate opportunities for learners across the College's catchment area. This will take account of the raising of the participation age and the local economic landscape
- To continue to develop the campus to provide first rate facilities to support teaching and learning.

The College is on target for achieving these objectives.

The College's specific objectives for 2019-20 and achievement of these objectives is addressed below:

1. To remain true to our Mission and proudly demonstrate our Marist Catholic Ethos

2. To ensure college organisation, leadership and management that is fit for purpose in a rapidly changing educational climate resulting in Ofsted Good to Outstanding Leadership and Management

3. To increase our market share of 16-19 learners in East Lancashire, growing to 700 learners by September 2020

4. To invest in Community, Higher and Nursery Education, increasing volumes by 4% by September 2020

5. To work towards 'Outstanding' for future Ofsted and QAA Inspections

6. To improve the financial performance in 2019/20 and future years

During the past three years, we have reviewed our areas of activity, our mission and our values both as a staff and as a governing body. In an uncertain economic climate, we have considered and implemented ways to better position ourselves as a provider of 16-19 education and to establish ourselves as a Catholic College for our local community with increased diversification for 0 – 4 year olds and 19+ students. We have modified our curriculum and our teaching, learning and achievement methods to meet the changing needs of learners and to respond to radical changes in government funding of sixth form colleges. The leadership and management structures have been altered due to the resignation of the previous Principal and the College currently has an interim Principal in place. The leadership and management structure has focused on quality improvement and OFSTED judged the College to be Good in its inspection of the overall effectiveness of provision in February 2019.

Sixth Form Colleges are at a critical point with the number of SFCs in England having fallen in the past ten years. The lack of funding rate progression for Colleges is proving to be a continuing challenge that colleges face in their planning, particularly given the differential treatments for Academies and the rising cost pressures from pension increases.

Quality of provision is of paramount importance. Prospective students are increasingly selective in their choice of further education provider. Such students will only travel further and/or resist the temptation of financial inducements for the guarantee of a high quality education within a supportive and caring environment that results in value added and the best possible achievements.

Operating and Financial Review (continued)

Performance Indicators

Key Performance Indicator	Actual 2018-19
EBITDA as % of Income	7.38%
Staff costs as % of Income	72.99%
Operating Cash Flow	£252k
Adjusted Current Ratio	0.89
Borrowing as % of Income	50.68%
Reliance on ESFA Income	68.48%
Financial Health Score	Requires Improvement

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 has a "Requires Improvement' financial health grading, based on the ESFA Financial Planning model automated scoring. OFSTED judged the College to be 'Good' Grade 2 in its inspection of the overall effectiveness of provision in February 2019.

Reserves Policy

As part of the financial scrutiny provided by the Governing Body, the reserves are reviewed in conjunction with the College treasury policy. This ensures that the level of reserves are in line with the strategic objectives of the College. It is the College's intention that reserves are increased in the coming years by the generation of annual operating surpluses.

FINANCIAL POSITION

Financial results

The College generated a deficit before actuarial gain/(loss) and restructuring costs of £149,796 (2018 - £76,444) in the year of £347,264 (2017/18 deficit £249,781). |In line with the statutory reporting requirements, the total comprehensive deficit for the year after actuarial gains/losses is £1,327,264, (2017/18 surplus £962,219).

The College has accumulated reserves of £2,030,032 before pension liability and cash balances and short-term deposits of £506,053.

Tangible fixed asset additions during the year amounted to £15,866.

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 has a separate treasury management policy in place.

Any borrowing requires the authorisation of the Governing Body and shall comply with the requirements of the Financial Memorandum.

Cash flows

Operating cash inflow is £252,303, (2017/18 inflow £693,096).

Operating and Financial Review (continued)

Liquidity

The College currently has outstanding loans amounting to £2,878,282, (2016/17 £3,018,798). The size of the College's total borrowing and its approach to interest rates have been calculated to ensure a reasonable cushion between the total cost of servicing debt and operating cashflow.

CURRENT AND FUTURE DEVELOPMENT AND PERFORMANCE

Financial health

The College received a Financial Notice to Improve (FNTI) in February 2017, and remains in intervention with the ESFA. Regular case conferences are held with the Intervention Team to review progress against the College Financial Plan. The Financial health grade for the 2018/19 financial year is assessed as "Requires Improvement" from the ESFA financial plan model, based on the figures presented in these financial statements. The consideration of Going Concern is detailed on page 15.

Student Numbers

The College had approximately 703 funded students by the ESFA. In 2018/19 the College has delivered activity that produced £2,982,291in Funding Body main allocation funding (2017/18 £3,402,362).

Student achievements

Pass rates remain high and above benchmarks in most areas with all level three vocational areas recording pass rates of 99%. Some outstanding achievements were recorded in many subjects with 32 courses achieving 100% pass rate. At Level 3, Level 2 and Level 1 achievement rates have improved and achievement rates for the College are in line with the National achievement rates at 84%.

Curriculum developments

The College recruits a proportion of its learners from seven, 11 to 16 Catholic partner schools in Blackburn with Darwen and East Lancashire, but a number of applications come from twenty other schools across this region. The College has developed a strong reputation for its expertise in teaching subjects at Advanced Level, and by far the majority of students who apply to St Mary's College aspire to follow Level 3 programmes. However the College has been proactive in ensuring progression opportunities from high school for learners at Entry 3, levels 1 and level 2.

The College has established productive working partnerships with other FE Colleges, local high schools and Higher Education (HE) institutions, most notably Liverpool Hope University and UCLAN. The Partnerships have led to a broad range of successful collaborative activities which benefit the local and wider community. The mission promotes a caring and supportive ethos which encourages adults to return to learning.

The College has introduced Post Graduate provision in the form of full and part-time Masters level studies in Education, Education Leadership & Management, Early Years and Special Education Needs. The evaluation of the HE provision is not included in the College's self-assessment document as the responsibility for the Liverpool Hope provision lies with Holy Cross College. For the directly funded HEFCE UCLAN provision, the College navigated the QAA Higher Education Review and an annual monitoring report is provided to UCLAN.

The mission promotes a caring and supportive ethos which encourages adults to return to learning.

The College nursery, which opened in 2003 to serve the local community as well as the staff and students at St. Mary's was made possible through a partnership involving the LSC, Blackburn with Darwen Early Years Excellence Team and the DfES. Such was the reputation and success of this facility, the College was invited to bid, in July 2007, to manage a second nursery, in Wensley Fold Children's Centre, and this opened in January 2008, reinforcing the close working relationship with the Local Authority. The College opened a third Nursery in Corporation Park, Blackburn in 2014.

The College nursery was inspected by OFSTED in 2015 and was again rated Outstanding in every category. Wensley Fold Nursery was inspected during 2012/13 and was also given an Outstanding rating in every category. The Park Nursery was inspected in 2016 and was also given an Outstanding Ofsted rating.

Operating and Financial Review (continued)

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 2018 to 31 July 2019, the College incurred no interest charges in respect of late payment.

Future prospects

The College has implemented a financial recovery plan to stabilise the financial reserves, and wishes to stabilise its 16-18 funded student numbers over the next three years. This financial plan covers the period to 2021 and was approved by the Corporation in July 2019.

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 Higher Education provision.

RESOURCES

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

Tangible resources include the main college site, which since 2007 has been extensively upgraded with the construction of the Graystone Science Academy and Performing Arts Theatre as well as a complete refurbishment of the main building on campus. In May 2011 the SMC Enterprise Centre was constructed at a cost of £554,000 partly funded by a grant of £477,000 from the Local Enterprise Growth Initiative.

Financial
The College has £2,040,930 (2018 - £2,052,195) of net assets excluding £2,983,000 pension liability (2018 - £1,667,000) and long term bank loan debt of £2,735,658 (2018 - £3,018,798). The College has total net liabilities of £942,070 (2017/18 net assets of £385,195).

People
The College employs 111 people (expressed as full-time equivalents), of whom 46 are teaching staff.

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 Senior Management Team 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 Senior Management Team 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 Governing Body and the Senior Management Team. 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 rated using a consistent scoring system. 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 may also adversely affect the college.

Operating and Financial Review (continued)

1. Government Funding

The College has considerable reliance on continued government funding through the education sector funding bodies and HEFCE. In 2018/19 80% of the College's revenue was ultimately public funded and this level of requirement is expected to continue. There can be no assurance that government policy or practice will remain at the same levels or on the same terms.

This risk is mitigated in a number of ways by:

- Deriving funding through a number of direct and indirect contractual arrangements
- Ensuring that the College is rigorous in delivering high quality education and training
- Placing considerable focus on maintaining and managing key relationships with the various funding bodies
- Ensuring the College is focused on those priority sections which will continue to benefit from public funding
- Regular dialogue with the funding bodies
- Maintaining adequate funding of pension liabilities. The financial statements report the share of the pension scheme deficit on the College's balance sheet in line with the requirements of section 28 of FRS 102.

2. Restructuring

The 2018/19 academic year was challenging, there was a need to make significant savings and to deliver the financial recovery plan. As part of a curriculum review, a small number of staff left via a voluntary redundancy programme, resulting in annualised savings of c. £229k. The costs of these are disclosed in note 5 to the financial statements below.

3. Maintain adequate funding of pension liabilities

The financial statements report the share of the Local Government Pension Scheme deficit on the College's balance sheet in line with the requirements of FRS 102.

4. Failure to maintain the financial viability of the College

The College's current financial health grade is classified as "Requires Improvement" and is in line with the College's approved financial recovery plan agreed with the ESFA. This is largely the consequence of the significant loan payment burden the College carries, and the lack of a sufficient excess of income over expenditure.

Notwithstanding that, the continuing challenge to the College's financial position remains the constraint on further education funding arising from the ongoing cuts in public sector spending whilst maintaining the student experience. This risk is mitigated in a number of ways:

- By rigorous budget setting procedures and sensitivity analysis;
- Regular in year budget monitoring;
- Robust financial controls;
- Exploring ongoing procurement efficiencies.

Operating and Financial Review (continued)

STAKEHOLDER RELATIONSHIPS

In line with other colleges and universities, St Mary's College has many stakeholders. These include:

- Its current, future and past students;
- Its staff and their trade unions;
- Its funding bodies;
- The Diocese of Salford;
- The Marist Fathers
- Local employers (with specific links);
- Local authorities;
- Government Offices;
- The local community;
- Professional bodies;
- Other FE institutions;
- Two HE institutions; and
- The FE Commissioner.

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

EQUALITY

The 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, ability, class and age. We strive vigorously to remove conditions which place people at a disadvantage and we will actively combat bigotry. This policy will be resourced, implemented and monitored on a planned basis. The College Equality & Diversity Policy is published on the College's internet and moodle sites.

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 ethos is to provide training, career development and opportunities for promotion which, as far as possible, provide identical opportunities to those of non-disabled employees.

Disability Statement

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

- As part of its accommodation plan special toilet facilities have been installed for staff and students with physical disabilities including a toilet/rest area with specialist facilities.
- Designated parking spaces have been provided including some as part of the DDA Reception/Lift Project.
- Named staff have been given specific responsibilities to oversee and coordinate the care of students with disabilities.
- Whilst students with physical impairment or disabilities will follow the usual College admission policy, special consideration will be taken to address individual difficulties and make appropriate arrangements.
- Academic and Curriculum support is given through identification (of potential students) provision, staff expertise and training and technology and equipment.
- Counselling and Welfare arrangements are available via the safeguarding team, student guidance and personal tutors.
- The College has been graded 'Good' for its Safeguarding provision.

Operating and Financial Review (continued)

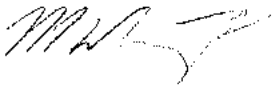
Ethos

The College strives to fulfil its mission to its students, staff and local community by responding quickly and efficiently to their needs. As a Catholic College, we respond to the spiritual and moral needs of the students by the provision of a caring Christian community in which the liturgical and religious aspects of College life harmonise with the secular and academic to ensure a holistic experience for the students. We seek to enhance mutual respect and understanding between those of different spiritual and ethnic backgrounds.

Disclosure of information to auditors

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

Approved by order of the members of the Governing Body on 17 December 2019 and signed on its behalf by:



Mr M Wright
Interim 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 the governance and legal structure. This statement covers the period from 1 August 2018 to 31 July 2019 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 ("the Code") insofar as it is applicable to the further education sector

The College is committed to exhibiting best practise 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 all the provisions of the Code, and it has complied throughout the year ended 31 July 2019. The Governing Body recognises that, as a body entrusted with both public and private funds, it has a particular duty to observe the highest standards of corporate governance at all times.

The 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 Governing Body

The members who served on the Governing Body during the year 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	Attended	
Mr M Wright	Jan-2015 Reappointed Jan 2019	4 yrs	12month sabbatical granted	Foundation	Interim Chair Vice Chair: Resources	0/0	0%
Mr N McNeil	Jan-2015	4 yrs	Sep-2019	Foundation	Chair: Board Vice Chair: BMAC Vice Chair: Resources	11/11	100%
Mrs S Beecroft	Jul-2017	4 yrs		Co-opted	Chair: Resources Quality	7/8	87.5%
Mr C Beesley	May-2018	4 yrs		Foundation	Audit Quality	6/7	85.7%
Mrs E Best	Jul-2019			Interim Principal	Resources Quality BMAC	2/2	100%
Mr M Conboy	Jul-2017	4yrs		Foundation	Chair: Audit Vice Chair: Board	8/8	100%
Ms T Ellett	Apr-2015	2 yrs	Oct-2018	Staff	Resources	1/1	100%
Mrs A Francis	Jun-2018	4 yrs		Foundation	Resources Chair: Quality	0/0	0%
Mr J Hargreaves	Oct-2019	4 yrs		Foundation	Audit		
Mr M Harkin	Jul-2019	1 yr		Student		0/0	0%
Mr A Kheratkar	Aug-2015	4 yrs		Co-opted	Resources	6/8	75%
Mrs P Lightbown	Sep-19	2 yrs		Staff	Resources	0/0	0%
Mr G Miller	Nov-2018	4 yrs	Jul-2019	Foundation	Resources	3/6	50%
Mr P Moore	Oct-2019	4 yrs		Foundation	Quality	0/0	0%
Mr S Preugschat	Nov-2014	4 yrs	Nov-2018	Foundation	Audit	2/3	66.6%
Miss A Siddique	May-2018	1 yr	May-2019	Student		2/4	505%
Ms J Singleton	May-2017		Jul-2019	Principal	BMAC Resources	7/9	77.8%
Mr M Vizzard	Oct-2018	4 yrs		Foundation	Audit	6/7	85..7%
Rev N Wynn	Nov-2015	4 yrs		Foundation	Vice Chair: Board Chair: BMAC	8/11	72.7%

Mrs L Farnhill acts as clerk to the Governors.

Statement of Corporate Governance and Internal Control (continued)

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

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

The Governing Body conducts its business through a number of committees. Each committee has terms of reference, which have been approved by the Governing Body. These committees are Resources, Personnel & Remuneration, Audit and Board Membership Advisory. Full minutes of all meetings, except those deemed to be confidential by the Governing Body, are available on the College's website at www.stmarysblackburn.ac.uk or from the clerk to the Governing Body at St Mary's College, Shear Brow, Blackburn, Lancashire, BB1 8DX.

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

All governors are able to take independent professional advice in furtherance of their duties at the College's expense and have access to the Clerk to the Governing Body, 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 Governing Body as a whole.

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

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

There is a clear division of responsibility in that the roles of the Chair of the Governing Body and Principal of the College are separate.

Appointments to the Governing Body

Any new appointments to the Governing Body, if to a position of Foundation Governor, are made by the Delegation Superior of the Marist Fathers (GB). All other appointments are a matter for the consideration of the Governing Body as a whole. The Governing Body has a search committee (Board Membership Advisory Committee) comprising 4 governors, which is responsible for the selection and nomination of any new member for the Governing Body's consideration. The Governing Body is responsible for ensuring that the appropriate training is provided as required.

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

Resources Committee

Throughout the year ending 31 July 2019 the College's Resources committee comprised 6 members. The committee's responsibilities include making recommendations to the Board on the remuneration and benefits of the Principal and the other key management personnel.

Details of the remuneration for the year ended 31 July 2019 are set out in notes 5 & 6 to the financial statements.

Statement of Corporate Governance and Internal Control (continued)

Corporation Performance

The Governing Body undertakes a detailed self-assessment exercise which considers the effectiveness of key areas of governance and highlights strengths and areas for development. The Governance SAR is considered annually by each Committee and is presented to the College SAR validation panel in November each year and subsequently to the full Governing Body in December.

Audit Committee

The Audit Committee comprises 4 members of the Governing Body (which excludes the Principal and the Chair). The committee operates in accordance with written terms and reference approved by the Governing Body. Its purpose is to advise the Governing Body on the adequacy and effectiveness of the College's systems of internal control and its arrangements for risk management, control and governance processes.

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

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

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

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

Internal Control

Scope of responsibility

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

The Governing Body has delegated the day-to-day responsibility to the Principal, as Accounting Officer, for maintaining a sound system of internal control that supports the achievement of the College's policies, aims and objectives, whilst safeguarding the public funds and assets for which the Principal is personally responsible, in accordance with the responsibilities assigned to the Principal in the Financial Memorandum/Financial Agreement between the College and the funding bodies. The Principal is also responsible for reporting to the Governing Body 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 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 Mary's College for the year ended 31 July 2019 and up to the date of approval of the annual report and financial statements.

Statement of Corporate Governance and Internal Control (continued)

Capacity to handle risk

The Governing Body has reviewed the key risks to which the College is exposed, together with the operating, financial and compliance controls that have been implemented to mitigate those risks. The Governing Body is of the view that there is a formal ongoing process for identifying, evaluating and managing the College's significant risks that has been in place for the period ending 31 July 2019 and up to the date of approval of the annual report and financial statements. This process is regularly reviewed by the Governing Body.

The risk and control framework

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

- Comprehensive budgeting systems with an annual budget, which is reviewed and agreed by the Governing Body.
- Regular reviews by the Governing Body of periodic and annual financial reports which indicate financial performance against forecasts.
- Setting targets to measure financial and other performance.
- Clearly defined capital investment control guidelines.
- The adoption of formal project management disciplines, where appropriate.

Review of effectiveness

As Accounting Officer, the Principal has responsibility for reviewing the effectiveness of the system of internal control. The Principal's 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; and
- Comments made by the College's financial statements auditors, the regularity auditors in their management letter or other reports.

The Accounting Officer has been advised on the implications of the result of her review of the effectiveness of the system of internal control by the Audit Committee which oversees the work of the auditors and 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 various 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 Governing Body's agenda includes a regular item for consideration of risk and control and receives reports thereon from the Senior Management Team and the Audit Committee. The emphasis is on obtaining the relevant degree of assurance and not merely reporting by exception. At its December 2018 meeting, the Governing Body carried out the annual assessment for the year ended 31 July 2018 by considering documentation from the senior management team and taking account of events since 31 July 2018.

Based on the advice of the Audit Committee and the Principal, the Governing Body 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 safeguarding of their assets".

Statement of Corporate Governance and Internal Control (continued)

Going concern

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

The College currently has £2.88m in a loan outstanding with Barclays Bank on terms agreed in previous years. The College forecast that the financial results for the 2018/19 would result in a breach of the covenants underpinning these loans, and have made the bank aware of this. Accordingly, the College has received a reservation of rights letter from the bank prior to the end of the 2018/19 financial year, and confirmed no further action has been taken. The College has prepared forecasts to 31 July 2021 and currently, based on these forecasts, the College will breach the bank covenants for each year of the plan. The bank have been, and continue to be supportive. The College is in discussions with the bank to review the terms of the covenants going forwards.

The College produced a financial recovery plan in July 2017, which was agreed with the ESFA Intervention Team. This is being monitored and updated via the production of regular performance information and financial forecasts to 31 July 2021 which is shared with the ESFA, and also via regular case conference meetings to monitor and discuss progress. The financial results for 2018/19 are in line with the forecast agreed.

The College's cash flow forecast indicates that it will have sufficient cash flow to continue operations for the foreseeable future.

Therefore the Governing Body considers that the College has adequate resources to continue in operational existence for the foreseeable future. For this reason they continue to adopt the going concern basis in preparing the financial statements.

Approved by order of the Governing Body on 17 December 2019 and signed on its behalf by:

Signed

M Wright
Interim Chair

E Best
Interim Principal

Statement of Corporate Governance and Internal Control (continued)

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

The Governing Body has considered its responsibility to notify the Education and Skills Funding Agency (ESFA) of material irregularity, impropriety and non-compliance with terms and conditions of funding, under the college's financial memorandum/funding agreement. As part of its consideration we have had due regard to the requirements of the financial memorandum/funding agreement.

We confirm on behalf of the Governing Body, 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 financial memorandum/funding agreement.

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

Signed

M Wright
Interim Chair

E Best
Interim Principal

Statement of the responsibilities of the members of the Governing Body

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

Within the terms and conditions of the College's Financial Memorandum/Funding Agreement with the ESFA, 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 Governing Body is required to:-

- Select suitable accounting policies and then 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; and
- Prepare financial statements on the going concern basis, unless it is inappropriate to assume that the College will continue in operation.

The Governing Body is also required to prepare a 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 Governing Body 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 such steps that are reasonably open to it to safeguard assets of the College and to prevent and detect fraud and other irregularities.

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

Members of the Governing Body are responsible for ensuring that expenditure and income are applied for the purposes intended by Parliament and that the financial transactions conform to the authorities that govern them. In addition they are responsible for ensuring that funds from the ESFA are used only in accordance with the ESFA's grant funding agreements and contracts and any other conditions which may be prescribed from time to time. Members of the Governing Body must ensure that there are appropriate financial and management controls in place to safeguard public funds and ensure that they are used properly. In addition, members of the Governing Body 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 by the ESFA are not put at risk.

Approved by the order of the members of the Governing Body on on 17 December 2019 and signed on its behalf by:

M Wright
Interim Chair

Independent auditor's report to the Governing Body of St Mary's College

Opinion

We have audited the financial statements of St Mary's College ("the College") for the year ended 31 July 2019 which comprise the Statement of Comprehensive Income, the Statement of Changes in Reserves, the Statement of Financial Position, 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 2019 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 were:

- the Governors use of the going concern basis of accounting in the preparation of the financial statements is not appropriate; or
- the Governors 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

To: The Corporation of St Mary's College and Secretary of State for Education acting through Education and Skills Funding Agency ("ESFA")

In accordance with the terms of our engagement letter dated 18 September 2019 and further to the requirements of the funding agreement with the Education and Skills Funding Agency we have carried out an engagement to obtain limited assurance about whether anything has come to our attention that would suggest that in all material respects the expenditure disbursed and income received by St Mary's College during the period 1 August 2018 to 31 July 2019 have not been applied to the purposes identified by Parliament and the financial transactions do not conform to the authorities which govern them.

The framework that has been applied is set out in the Post 16 Audit Code of Practice ("the Code") issued by the 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 Department has other assurance arrangements in place.

This report is made solely to the corporation of St Mary's 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 Mary's 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 Mary's College and the Department for our work, for this report, or for the conclusion we have formed.

Respective responsibilities of St Mary's College and the reporting accountant

The corporation of St Mary's 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 2018 to 31 July 2019 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.

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 grant funding agreement with the EFA.
- Tested a sample of expenditure disbursed and income received to consider whether they have been

- 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 the Corporation

As explained more fully in the Statement of Responsibilities of the Members of the Corporation set out on page 18, 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.

Use of the audit report

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

Gareth Hitchmough
For and on behalf of Mazars LLP (Chartered Accountants and Statutory Auditor)

14th Floor, The Plaza
100 Old Hall Street
Liverpool
L3 9QJ
Date: 19 December 2019

applied to purposes intended by Parliament and in accordance with funding agreements where relevant.

- 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 01 August 2018 to 31 July 2019 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

19 December 2019

Statement of Comprehensive Income and Expenditure

Income	Notes	2019 £	2018 £
Funding body grants	2	4,044,757	4,412,423
Other income	3	1,660,419	1,673,863
Investment income	4	2,320	553
Total income		**5,707,496**	**6,086,839**
Expenditure			
Staff costs	5	4,146,305	4,327,260
Fundamental restructuring costs	5	149,795	76,444
Other operating expenses	7	992,526	1,020,929
Depreciation	10	533,740	647,772
Interest and other finance costs	8	232,394	264,215
Total expenditure		**6,054,760**	**6,336,620**
(Deficit) on continuing activities before other gains and losses		(347,264)	(249,781)
Profit on disposal of assets		-	12,000
(Deficit) before tax		(347,264)	(237,781)
Taxation	9	-	-
(Deficit) for the year		**(347,264)**	**(237,781)**
Actuarial (loss)/gain in respect of pension schemes	18	**(980,000)**	**1,200,000**
Total Comprehensive Deficit for the year		**(1,327,264)**	**962,219**

The notes on pages 22 to 43 form part of these financial statements.

Statement of Changes in Reserves

	Income and expenditure accounts	Revaluation reserve	Total
	£	£	£
Balance at 1 August 2017	(588,527)	11,503	(577,024)
Deficit from the income and expenditure account	(237,781)	-	(237,781)
Other comprehensive income	1,200,000	-	1,200,000
Transfers between revaluation and income and expenditure reserves	302	(302)	-
Total comprehensive income for the year	**962,521**	**(302)**	**962,219**
Balance at 31 July 2018	373,994	11,201	385,195
Deficit from the income and expenditure account	(347,264)	-	(347,264)
Other comprehensive income	(980,000)	-	(980,000)
Transfers between revaluation and income and expenditure reserves		(303)	
Total comprehensive income for the year	**(1,327,264)**	**(303)**	**(1,327,264)**
Balance at 31 July 2019	**(953,270)**	**10,898**	**(942,070)**

Balance sheet as at 31 July 2017

	Notes	2019 £	2018 £
Non current assets			
Tangible fixed assets	10	10,636,053	11,153,927
		10,636,053	**11,153,927**
Current assets			
Debtors	12	115,755	80,378
Investments	11	1	1
Cash and cash equivalents	20	506,053	591,885
		621,809	**672,264**
Less:			
Creditors: amounts falling due within one year	13	(978,133)	(1,152,804)
Net current assets		**(356,324)**	**(480,540)**
Total assets less current liabilities		**10,279,729**	**10,673,387**
Creditors: amounts falling due after more than one year	14	**(7,942,226)**	**(8,355,612)**
Provisions			
Enhanced pension provision	16	(296,573)	(265,580)
Net assets excluding pension liability		**2,040,930**	**2,052,195**
Net pension liability	18	(2,983,000)	(1,667,000)
Total net liabilities		**(942,070)**	**385,195**
Unrestricted reserves			
Income and expenditure account excluding pension reserve		2,030,032	2,040,994
Pension reserve	18	(2,983,000)	(1,667,000)
Income and expenditure account including pension reserve		**(952,968)**	**373,994**
Revaluation reserve	17	**10,898**	**11,201**
Total unrestricted reserves		**(942,070)**	**385,195**

The financial statements on pages 22 to 43 were approved by the Governing body on on 17 December 2019 and were signed on its behalf by:

M Wright
Interim Chair

E Best
Interim Principal

Statement of cash flows

	Notes	2019 £	2018 £
Cash inflow from operating activities			
Deficit for the year		(347,264)	(237,781)
Adjustment for non cash items			
Depreciation	10	533,740	647,772
Increase in debtors	12	(35,376)	55,245
Decrease in creditors due within one year	13	(103,204)	212,633
Decrease in provisions	16	30,993	(8,363)
Pensions costs less contributions payable	18	336,000	281,000
Deferred capital grants released to income	2	(347,659)	(443,072)
Adjustment for investing or financing activities			
Investment income	4	(2,320)	(553)
Interest payable	8	187,393	198,215
Loss/(profit) on sale of fixed assets		-	(12,000)
Net cash flow from operating activities		**252,303**	**693,096**
Cash flows from investing activities			
Proceeds from sale of fixed assets		-	12,000
Investment income		2,320	553
Payments made to acquire fixed assets	10	(15,866)	(21,206)
		(13,546)	(8,653)
Cash flows from financing activities			
Interest paid	8	(187,393)	(198,215)
Deferred capital grants received		3,320	-
Repayments of amounts borrowed	15	(140,516)	(139,143)
		(324,589)	(337,358)
(Decrease)/increase in cash and cash equivalents in the year		**(85,832)**	**347,085**
Cash and cash equivalents at beginning of the year	19	591,885	244,800
Cash and cash equivalents at end of the year	19	506,053	591,885

Notes to the Financial Statements

1 Statement of accounting policies

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

Basis of Preparation

These financial statements have been prepared in accordance with the Statement of Recommended Practice: Accounting for Further and Higher Education 2015 (the 2015 FE HE SORP), the College Accounts Direction for 2016 to 2017 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 preparation of financial statements in compliance with FRS 102 requires the use of certain critical accounting estimates. It also requires management to exercise judgement in applying the College's accounting policies.

Basis of Accounting

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

Going Concern

The financial statements have been prepared on a Going Concern basis. The College is assessed as 'Requires Improvement' by the ESFA.

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

The College currently has £2.88m in a loan outstanding with Barclays Bank on terms agreed in previous years. The College forecast that the financial results for the 2018/19 would result in a breach of the covenants underpinning these loans, and have made the bank aware of this. Accordingly, the College has received a reservation of rights letter from the bank prior to the end of the 2018/19 financial year, and confirmed no further action has been taken. The College has prepared forecasts to 31 July 2021 and currently, based on these forecasts, the College will breach the bank covenants for each year of the plan. The bank have been, and continue to be supportive. The College is in discussions with the bank to review the terms of the covenants going forwards.

The College produced a financial recovery plan in July 2017, which was agreed with the ESFA Intervention Team. This is being monitored and updated via the production of regular performance information and financial forecasts to 31 July 2021 which is shared with the ESFA, and also via regular case conference meetings to monitor and discuss progress. The financial results for 2018/19 are in line with the forecast agreed.

The College's cash flow forecast indicates that it will have sufficient cash flow to continue operations for the foreseeable future.

Therefore the Governing Body considers that the College has adequate resources to continue in operational existence for the foreseeable future. For this reason they continue to adopt the going concern basis in preparing the financial statements.

The factors in relation to Going Concern are discussed in detail on page 15.

Notes to the Financial Statements (continued)

Recognition of Income

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

Other discrete ESFA funds received during the year are taken to income and expenditure as incurred in line with the specific terms and conditions attached to each fund by the funding bodies.

Where the College receives and disburses funds to which it has no direct beneficial interest, such funds are excluded from the income and expenditure account on the grounds that the College does not have direct control over the future economic benefits derived from these funds. The College has applied this policy to certain funds received during the year from the ESFA (see note 24).

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.

Agency arrangements

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

Post Retirement Benefits

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

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.

The LGPS is a funded scheme. The assets of the LGPS are measured using closing fair values. LGPS liabilities are measured using the projected unit 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 at least triennially and are updated at each balance sheet date. The amounts charged to operating surplus are the current service costs and the costs of scheme introductions, benefit changes, settlements and curtailments. They are included as part of staff costs as incurred. Net interest on the net defined benefit liability/asset is also recognised in the Statement of Comprehensive Income and Expenditure 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 other recognised gains and losses.

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

Notes to the Financial Statements (continued)

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.

Enhanced Pensions

The actual cost of any enhanced ongoing pension to a former member of staff is paid by the College annually. An estimate of the expected future cost of any enhancement to the ongoing pension of a former member of staff is charged in full to the College's income and expenditure account in the year that the member of staff retires. In subsequent years a charge is made to provisions in the balance sheet using the enhanced pension spreadsheet provided by the funding bodies.

Tangible Assets

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

Land and Buildings

The College's land and buildings are owned by the Trustees. Work on the buildings which has been paid for by the College and which has been capitalised has been depreciated on a straight line basis over 50 years.

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.

Assets under construction

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

Subsequent expenditure on existing fixed assets

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

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

Equipment

Equipment costing less than £500 per individual item is written off to the income and expenditure account in the period of acquisition. All other equipment is capitalised at cost. Equipment inherited from the local education authority is included in the balance sheet at net book value.

Equipment is depreciated over its useful economic life as follows:-

Computer Equipment	20%
Motor Vehicles	25%
General Equipment and Fixtures and Fittings	20%

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

Notes to the Financial Statements (continued)

A review for impairment of a fixed asset is carried out if events or changes in circumstances indicate that the carrying value of any fixed asset may not be recoverable. Shortfalls between the carrying value of fixed assets and their recoverable amounts are recognised as impairments. Impairment losses are recognised in the Statement of Comprehensive Income and Expenditure.

Investments

Current asset investments, which may include listed investments, are stated at the lower of their cost and net realisable value.

Cash and Cash Equivalents

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

Maintenance of Premises

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

Taxation

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

The College receives no similar exemption in respect of Value Added Tax. For this reason the College is generally unable to recover input VAT it suffers on goods and services purchased. Non–pay expenditure is therefore shown inclusive of VAT with any partial recovery netted off against these figures.

Liquid Resources

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

Provisions

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

Agency Arrangements

The College acts as an agent in the collection and payment of discretionary support funds and the 16-19 Bursary Fund and Adult Learning Grants. Related payments received from the funding body and subsequent disbursements to students and colleges are excluded from the Income and Expenditure account and are shown separately in note 24, except for the 5% of the grant received which is available to the College to cover administration costs relating to the grant. The College employs one member of staff dedicated to the administration of Learner Support Fund applications and payments.

Judgements in applying accounting policies and key sources of estimation uncertainty

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

Tangible fixed assets

Tangible fixed assets, other than investment properties, 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.

Notes to the Financial Statements (continued)

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 2017 has been used by the actuary in valuing the pensions liability at 31 July 2018. 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.

Bad debt

Management use their judgement in determining a suitable bad debt provision.

2 Funding body grants

	2019 £	2018 £
Recurrent grants		
Education and Skills Funding Agency – 16 - 18	3,567,751	3,831,138
Education and Skills Funding Agency - 19+	-	56,925
Specific grants		
Release of government capital grants	347,659	443,072
Other funds	129,347	81,288
Total	**4,044,757**	**4,412,423**

3 Other income

	2019 £	2018 £
Other funds	519,911	524,981
Other income generating activities	1,140,508	1,148,882
Total	**1,660,419**	**1,673,863**

Notes to the Financial Statements (continued)

4 Investment income

	2019 £	2018 £
Other interest receivable	2,320	553
Total	**2,320**	**553**

5 Staff costs

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

	2019 Number	2018 Number
Teaching departments	46	53
Teaching support services	7	7
Other support services	1	1
Administration and central services	16	16
Other Income Generating Activities	33	38
Premises	8	9
Total	**111**	**124**

Staff costs for the above persons:-	2019 £	2018 £
Teaching departments	1,977,947	2,268,482
Teaching support services	222,709	221,116
Other support services	10,971	15,255
Administration and central services	856,364	701,336
Other income generating activities	627,618	722,255
Premises	150,195	174,641
Restructuring costs - contractual	89,655	47,396
Restructuring costs - non-contractual	60,141	29,048
Recovery of LGPS deficit	9,500	9,175
Section 28 defined benefit scheme adjustment	291,000	215,000
Total	**4,296,100**	**4,403,704**
Wages and salaries	3,268,785	3,417,131
Social security costs	278,830	287,609
Other pension costs	748,485	698,964
Total	**4,296,100**	**4,403,704**

Notes to the Financial Statements (continued)

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

	Key Management Personnel		Other Senior Staff	
	2019 Number	2018 Number	2019 Number	2018 Number
£5,001 to £10,000 p.a.	1	1	-	-
£50,001 to £55,000 p.a.	-	1	-	-
£55,001 to £60,000 p.a.	-	2	-	-
£60,001 to £65,000 p.a.	-	-	-	-
£65,001 to £70,000 p.a.	2	-	-	-
	3	4	0	0

6 Key management personnel

Key management personnel are defined as the Principal and holders of the other senior posts whom the board have selected for the purposes of the articles of government of the College relating to the appointment and promotion of staff who are appointed by the board of governors.

	2019 Number	2018 Number
The number of key management personnel including the Principal was:	3	4

Key management personnel emoluments are made up as follows:

	2019 £	2018 £
Salaries	141,735	129,796
Employers National Insurance contributions	17,401	14,613
Pension contributions	23,355	19,458
Total emoluments	182,491	163,867

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

Notes to the Financial Statements (continued)

The above emoluments include amounts payable to the Interim Principal (who is also the highest paid officer) between 1 July 2019 and 31 July 2019:

	2019 £	2018 £
Salaries	5,833	36,579
Employers National Insurance contributions	706	4,682
	6,539	**41,261**
Pension contributions	961	5,999
Total emoluments	**7,500**	**47,260**

And to the previous Interim Principal between 1 August 2018 – 30 June 2019:

	2019 £
Salaries	65,901
Employers National Insurance contributions	8,205
	74,106
Pension contributions	10,858
Total emoluments	**84,964**

The pension contributions in respect of the Principal and senior post-holders relate to employers' contributions to the Teachers' Pension Scheme and Local Government Pension Scheme and are paid at the same rate as for other employees.

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

Relationship of Principal pay and remuneration expressed as a multiple

	2019
Principal's basic salary as a multiple of the median of all staff	3.7

Notes to the Financial Statements (continued)

7 Other operating expenses

	2019	2018
	£	£
Teaching departments	74,445	106,336
Teaching support services	175,806	184,798
Other support services	13,050	4,328
Administration and central services	142,261	139,952
General education expenditure	168,283	187,802
Premises costs	227,102	245,149
Catering	2,499	2,475
Enhanced Pension Provision	40,755	(4,123)
Other Income Generating Activities	148,327	154,212
Total	**992,528**	**1,020,929**
Operating expenses include:-		
Auditors' remuneration		
- external audit	14,514	14,100
- internal audit	6,720	-

8 Interest payable

	2019	2018
	£	£
On bank loans and overdrafts:		
- repayable wholly in more than 5 years	187,393	198,215
	187,393	**198,215**
Net interest on defined pension liability	45,000	66,000
Total	**232,393**	**264,215**

9 Taxation

The members do not believe the College was liable for any corporation tax arising out of its activities during either year.

Notes to the Financial Statements (continued)

10 Tangible fixed assets

	Leasehold Land and Building	Equipment	Total
Cost or valuation	£	£	£
At 1 August 2018	14,933,878	4,144,358	19,078,236
Additions	-	15,866	15,866
Disposals	-	(30,780)	(30,780)
At 31 July 2019	**14,933,878**	**4,129,444**	**19,063,322**
Depreciation			
At 1 August 2018	4,295,316	3,628,993	7,924,309
Charge for the year	275,740	258,000	533,740
Elimination in respect of disposals	-	(30,780)	(30,780)
At 31 July 2019	**4,571,056**	**3,856,213**	**8,427,269**
Net book value at 31 July 2019	**10,362,822**	**273,231**	**10,636,053**
Net book value at 1 August 2018	10,638,562	515,365	11,153,927

11 Investments

At 31 July 2019 the College had a 7% interest in Lancashire Colleges Consortium Ltd, a company limited by guarantee incorporated in England and Wales. The principal business activity of the company is to advise and assist educational institutions as in respect of funds and grants that may be available to them. The value of the investment is £1.00.

Notes to the Financial Statements (continued)

12 Trade and other receivables

	2019 £	2018 £
Amounts Falling Due Within One Year		
Trade receivables	25,433	5,034
Prepayments and accrued income	90,322	75,344
Total	**115,755**	**80,378**

13 Creditors: Amounts falling due within one year

	2019 £	2018 £
Payments received on account	115,679	106,633
Trade payables	171,679	129,747
Bank loans and overdrafts	142,624	145,564
Other taxation and social security	58,076	64,945
Pension creditor	51,105	59,498
Accruals	159,840	298,758
Deferred income - government capital grants	279,131	347,659
Total	**978,134**	**1,152,804**

14 Creditors: Amounts falling due after more than one year

	2019 £	2018 £
Bank loans	2,735,658	2,873,234
Deferred income - government capital grants	5,206,568	5,482,378
Total	**7,942,226**	**8,355,612**

Notes to the Financial Statements (continued)

15 Borrowings

The loan is secured over the Land and Buildings of the College. The College paid fixed rate of interest during the year of 6.22% and the repayment period is to 2033.

Bank Loans

Loans are repayable as follows:-	2019 £	2018 £
Within one year	142,624	145,571
Between one and two years	144,126	154,749
Between two and five years	493,240	454,467
In five years or more	2,098,292	2,264,011
	2,878,282	**3,018,798**

16 Provisions for liabilities and charges

The enhanced pension provision relates to staff who have already left the College's employ. The provision has been recalculated in accordance with guidance issued by the funding bodies.

	Enhanced Pension Provision £	Total Provisions £
At 1 August 2018	265,580	265,580
Expenditure in the period	(7,247)	(7,247)
Additions in the period	38,240	38,240
At 31 July 2019	**296,573**	**296,573**

Notes to the Financial Statements (continued)

17 Revaluation reserve

	2018 £
At 1 August 2018	11,201
Transfer from revaluation reserve to general reserve in respect of depreciation on revalued assets	(303)
At 31 July 2019	**10,898**

18 Pension and similar obligations

The College's employees belong to two principal pension schemes: the Teachers' Pension Scheme England and Wales (TPS) for academic and related staff, and the Local Government Pension Scheme (LGPS) for non-teaching staff, which is managed by Lancashire Pension Services. Both are multi-employer defined benefit schemes.

Total pension costs for the year		2019 £'000		2018 £'000
Teachers Pension Scheme: contributions paid		250		286
Local Government Pension Scheme				
Contributions paid	182		178	
FRS 102(28) Charge	291		215	
Charge to the Statement of Comprehensive Income		473		393
Total Pension Cost for Year		723		679

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

Contributions for employees and employers for both schemes amounting to £50,873 (2018 £57,740) 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' Pension Scheme Regulations 2014. These regulations apply to teachers in schools, colleges and other educational establishments. Membership is automatic for teachers and lecturers at eligible institutions. Teachers and lecturers are able to opt out of the TPS.

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

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

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

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

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

As a result of the valuation, new employer contribution rates were set at 23.68% of pensionable pay from September 2019 onwards (compared to 16.48% during 2018/9. DfE has agreed to pay a teacher pension employer contribution grant to cover the additional costs during the 2019-20 academic year.

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

The pension costs paid to TPS in the year amounted to £392,539 (2018 £449,425).

Local Government Pension Scheme

The LGPS is a funded defined benefit scheme with the assets held in a separate fund administered by the Lancashire local authority. Contributions made for the year ended 31 July 2019 totalled £265,390 and employee's contributions totalled £74,719.

The agreed contribution rates for future years are 14.6% for employers plus deficit recovery contributions from 1/4/2017 of £9,100 - 2017/18, £9,400 – 2018/19 and £9,800 - 2019/20. Employees contributions range from 5.5% to 12.5% cent for employees, depending on salary.

Notes to the Financial Statements (continued)

Principal Actuarial Assumption

The following information is based upon a full actuarial valuation of the fund at 31 March 2016 updated to 31 July 2019 by a qualified independent actuary

	2019	2018
Rate of increase in salaries	3.7%	3.6%
Rate of increase in pensions in payment/inflation	2.3%	2.2%
Discount rate for liabilities	2.2%	2.9%
Rate of CPI inflation	2.2%	2.1%

An adjustment has been made for short term pay restraint in line with the most recent actuarial valuation.

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

	2019	2018
Retiring today		
Males	22.8	22.7
Females	25.5	25.4
Retiring in 20 years		
Males	25.1	25.0
Females	28.2	28.0

The assets and liabilities in the scheme and the expected rates of return were:

	Value at 2019 £	Value at 2018 £
- Equities	4,799,000	3,805,000
- Government Bonds	-	295,000
- Other Bonds	161,000	52,000
- Property	884,000	798,000
- Cash	181,000	78,000
- Other	4,017,000	3,641,000
Total Market value of assets	**10,042,000**	**8,669,000**
Present value of scheme liabilities		
- Funded	(13,025,000)	(10,336,000)
Deficit in the scheme	**(2,983,000)**	**(1,667,000)**

Notes to the Financial Statements (continued)

Analysis of the amount charged to Statement of Comprehensive Income and Expenditure

	2019	2018
	£	£
Employer service cost (net of employee contributions)	366,000	396,000
Curtailments/Admin expenses	120,000	6,000
Total operating charge	**486,000**	**402,000**

Analysis of pension finance costs

	2019	2018
	£	£
Expected return on pension scheme assets	253,000	207,000
Interest on pension scheme liabilities	(298,000)	(273,000)
Pension finance costs	**(45,000)**	**(66,000)**

Amount recognised other comprehensive income

	2019	2018
	£	£
Actuarial gain on pension scheme assets	1,038,000	441,000
Actuarial gain on scheme liabilities	(2,018,00)	759,000
Actuarial gain/(loss) recognised in other comprehensive income	**(980,000)**	**1,200,000**

Movement in net defined benefit liability during year

	2019	2018
	£	£
Net defined benefit liability in scheme at 1 August	(1,667,000)	(2,586,000)
Movement in year:		
Employer service cost (net of employee contributions)	(366,000)	(396,000)
Employer contributions	195,000	187,000
Net interest on assets	(45,000)	(66,000)
Curtailments	(120,000)	(6,000)
Actuarial gain/(loss)	(980,000)	1,200,000
Net defined benefit liability in scheme at 31 July	**(2,983,000)**	**(1,667,000)**

Notes to the Financial Statements (continued)

Asset & Liability Reconciliation

	2019 £	2018 £
Reconciliation of liabilities		
Liabilities at start of period	10,336,000	10,520,000
Service cost	366,000	396,000
Interest cost	298,000	273,000
Employees contributions	75,000	73,000
Past service cost	111,000	-
Actuarial gain	2,018,000	(759,000)
Benefits paid	(182,000)	(167,000)
Curtailments and settlements	3,000	-
Liabilities at end of period	13,025,000	10,336,000
Reconciliation of Assets		
Assets at start of period	8,669,000	7,934,000
Expected return on assets	253,000	207,000
Actuarial gain	1,038,000	441,000
Employer contributions	195,000	187,000
Administration expense	(6,000)	(6,000)
Employee contributions	75,000	73,000
Benefits paid	(182,000)	(167,000)
Assets at end of period	10,042,000	8,669,000

The estimated value of employer contributions for the year ended 31st July 2020 is £193,000.

These accounts show a past service cost of £111,000 in respect of the McCloud / Sergeant judgment which ruled that the transitional protection for some members of public service schemes implemented when they were reformed constituted age discrimination. This provision is just under 2% of the total scheme liability as at 31 March 2019.The calculation of adjustment to past service costs, £7 billion, arising from the outcome of the Court of Appeal judgment is based on a number of key assumptions including:

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

The other financial and demographic assumptions adopted to calculate the past service cost are the same as those used to calculate the overall scheme liability. Adopting different assumptions, or making other adjustments to reflect behavioural changes stemming from the judgment, would be expected to change the disclosed past service cost. Similarly, allowing for variations in individual members' future service or salary progression is expected to produce higher costs. The past service cost is particularly sensitive to the difference between assumed long term general pay growth and the CPI. If the long term salary growth assumptions were 0.5% pa lower, then the past service cost disclosed here would be expected to reduce by 50% and conversely a 0.5% pa increase would increase the estimated cost by 65%.

Notes to the Financial Statements (continued)

19 Cash and cash equivalents

	2019 £	2018 £
Cash at bank and in hand	506,053	591,885

20 Capital Commitments

	2019 £	2018 £
Commitments contracted for at 31 July 2019	124,973	-
Authorised but not contracted for at 31 July 2019	-	-

21 Financial Commitment

At 31 July 2019 the College had no annual commitments under non-cancellable operating leases.

22 Related party transactions

Due to the nature of the College's operations and the composition of the board of governors (being drawn from local public and private sector organisations), it is inevitable that transactions will take place with organisations in which a member of the board of governors may have an interest. All transactions are conducted in accordance with the College's financial regulations and normal procurement procedures. Transactions totalling £2,108 in respect of joinery work at the College took place with D Wackett, relating to a Governor, Ms T Ellett.

The College is part of the 'Network of Hope', Sue Beecroft, the Chair of Resources is the Director of Finance of Liverpool Hope University.

23 Learner support funds

	2019 £	2018 £
19+	0	0
Funding Body Grants	101,683	113,572
Interest earned	0	13
	101,683	**113,585**
19+	0	0
Disbursed to students	(95,644)	(107,750)
Administration	(5,084)	(5,679)
Balance unspent at 31 July	**955**	**156**