



# St Helens College

**Operating and Financial Review and Financial Statements**

**Year ended 31 July 2015**

**CONTENTS**

Operating and Financial Review	2
Professional Advisors	7
Statement of Corporate Governance and Internal Control	8
Regularity Statement	12
Statement of Responsibilities of the Members of the Corporation	13
Independent auditor's report to the Corporation of St Helens College	14
Independent regularity report to the Corporation of St Helens College and the Chief Executive of the Skills Funding Agency	15
Statement of the Principal Accounting Policies	17
Consolidated Income and Expenditure Account	21
Consolidated Statement of Historical Cost Surpluses and Deficits	22
Consolidated and College Balance Sheets	23
Consolidated Cash Flow Statement	25
Notes to the Financial Statements	26

## Operating and Financial Review

Year ended 31 July 2015

### Legal Status

The Corporation was established under the Further and Higher Education Act 1992 for the purpose of conducting St Helens College. The College is an exempt charity for the purposes of the Charities Act 1993.

### Mission

The College's mission is:

**"Delivering excellent education and skills for life and work"**

The College's mission statement is underpinned by a **Statement of Aims**:

1. to be an inclusive College where each individual is respected, valued and safeguarded;
2. to ensure successful education, training and personal development outcomes for each individual and for the College as an organisation;
3. to build students' confidence and employability skills through excellent careers advice, work experience and support in finding sustainable employment;
4. to inspire and challenge students, College staff and managers to excel in a supportive culture of high expectations;
5. to provide excellent learning resources for students and staff motivating high performance and innovation in the teaching and learning process;
6. to provide an enjoyable, safe, supportive and caring learning environment;
7. to significantly contribute to the welfare and economic development of the local community, Merseyside and the Northwest region by providing the skills employers need;
8. to achieve very high customer satisfaction from students, parents and employers;
9. to lead in education and training partnerships for the benefit of all partners and the local community;
10. to provide outstanding value for money ensuring high quality education and training.

### Public Benefit

St Helens College is an exempt charity under the Part 3 of the Charities Act 2011 and is regulated by the Secretary of State for Business, Innovation and Skills as Principal Regulator for all FE Corporations in England. The members of the Governing Body, who are trustees of the charity, are disclosed on page 9.

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

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

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

### Implementation of strategic plan

At the Corporation meeting in July 2014 the College updated (subject to further consultation) its strategic plan for the period 1 August 2014 to 31 July 2017.

The plan is focused around five pivotal concepts:

- Impartial student-centred information, advice and guidance
- Inspiring teaching and learning
- Excellent customer service
- A culture of high expectations
- Accountability for students' progress and success

These concepts are the building blocks for the successes of each student, each course and therefore the College's overall success in achieving its mission.



## Operating and Financial Review (continued)

### Year ended 31 July 2015

Delivering outstanding student results consistently is the College's most significant strategic aim and only when this is achieved will the College be outstanding. Outstanding performance is critical, not only to serve the local community, but also to ensure the College's long-term survival in a very challenging environment where only the strongest colleges are likely to grow and prosper.

#### Performance Summary

The College works closely with employers, businesses and their associations, schools, community groups, other FE and HE providers and universities. The College is ambitious on behalf of its students, employees and its communities. Governors are keen to continue to invest in the professional development of colleagues, learning resources and environments with the aim to achieve outstanding status. Currently a £5.1m refurbishment project is progressing well at the College's Technology Centre for completion by December 2015 and a £1m refurbishment of the library and learning centre at the Town Centre will be ready for opening in February 2016.

The College had a full Ofsted inspection in 2014 and was judged Good – Grade 2, in particular it identified rising outcomes, students being well prepared for work, a College with a culture of high ambition, with strong focus on continuing improvement, good student support and good teaching. During May 2015 the College also had an Ofsted Monitoring visit (inspection of Directly Funded 14-16 Provision). The six 'progress judgements' were all significant progress, the highest Ofsted awards. Safeguarding was also confirmed as effective.

The Principal, senior leaders and Governors have maintained their relentless focus on improving teaching, learning and assessment in order to impact on the student experience and outcomes. Decisive and performance driven approach, with clear lines of accountability has ensured that the priority of all staff has been to improve the quality of teaching, learning and assessment since inspection has improved further.

Benchmarking and trend data is used to set ambitious, but realistic targets for programme improvement. In-year performance data is regularly scrutinised at all levels to identify and address early warning signs of unsatisfactory performance and progress.

16-18 outcomes remain around the national rate. Clear interventions have been put in place to improve outcomes further than this, including actions to improve retention, increased rigour in admissions and focused personal tutor support. Value added performance remained strong and Apprenticeship combined outcomes remain above national rates and remains good through a rigorous approach to monitoring and a focus on accountability and standards. Adult outcomes for Group A and B provision remain good and above national rates.

Quality audits, self-assessment and quality improvement planning are effective in decision making and performance improvement. Outcomes are reported through the Senior Leadership Team and Governor Committees. A self-critical approach to self-assessment results in good-quality improvement plans at cross-college level. LMI data is used very effectively to inform the College's curriculum planning. In particular the current LEP priorities have been modelled against the curriculum with new provision in place for 2015/16. The College was also re accredited with the Customer Service Excellence Award and Matrix Awards in 2015.

The College fully complies with its statutory duties in respect of the Equality Act 2010 and the promotion of equality and diversity is very good. Safeguarding at College level remained effective throughout 2014/15

#### Financial Objectives

The College's financial objectives are:

- Maintain available reserves (excluding pension deficit) at a minimum of 23% of income and 31% by 2015
- Maintain a current ratio of a minimum of 1:1
- Maintain cash in hand days at a minimum of one month
- Generate a positive cash inflow from operating activities for each year of account
- Reduce net borrowings to less than 45% of income by the end of 2015
- Achieve an historic cost surplus for each year of account.
- Ensure all financial returns are made on time and in the agreed format
- Ensure all returns requiring certificates by Auditors are unqualified
- Ensure compliance with all the bank covenants



## Operating and Financial Review (continued)

### Year ended 31 July 2015

A series of performance indicators have been agreed to monitor and forecast the successful implementation of these objectives.

The College is committed to observing the importance of the measures and indicators and is monitors them through monthly reporting to the Corporation and through the completion of the annual Finance Record for the Skills Funding Agency/Education Funding Agency.

#### Financial Results

The College has achieved an historic cost surplus for the year of £356k (2013/14 deficit £1,965k). It should be noted that the 2013/14 deficit included exceptional restructuring costs of £832k. The saving in 2014/15 that has resulted from this intervention is circa £1.5m and has been crucial to the improved financial performance in 2014/15. Income of £25.8m is the same as in 2013/14 although direct funding has reduced by £1.0m. This has been offset by increases in HE and FE fees together with significantly improved commercial income of £2.2m.

The likelihood of further cuts to funding body income means that the College continues to look for additional income growth and cost reductions. Restructuring costs of £150k have been incurred in the year as a result.

The deficit in the pension funds in which our employees are members of £14,836k (2013/14 £11,924k) has been included on the balance sheet, and is based on information provided by the fund's actuaries.

The College has accumulated reserves of £9,413k (excluding revaluation reserve and pension liability) and cash and short term investments of £7,433k. £2,700k of this was earmarked to pay down part of the long term borrowings that matured in August 2015.

Tangible fixed asset additions during the year amounted to £3,075k. This was largely attributable to the refurbishment of the Technology Campus, although investments have also been made in IT equipment and the partial refurbishment of the Beecham building to create University Centre St Helens, the hub for HE and professional education within the College.

The College has significant reliance on the Skills Funding Agency and the Education Funding Agency for its principal funding sources, largely from recurrent grants. In 2014/15 the Skills Funding Agency and the Education Funding Agency provided 64% of the College's total income, a reduction from 72% in 2013/14

The Group's results include the following subsidiary and associated undertakings:

- 1 Gamble Educational Charity Trust
- 2 Waterside Training Limited

Gamble Educational Charity Trust ("The Trust") is a trust registered in Great Britain. The principal activity of the trust is to provide support to students at St Helens College. The College is the sole trustee of the Trust. During the year agreement has been reached for the Trust funds to be used in the redevelopment of the College library, creating an outstanding library and learning space. The project is due to commence in November 2015 with completion in February 2015. All of the available funds are likely to be used for the project.

Waterside Training Limited is a training provider, specialising in apprenticeship training and engineering training.

#### 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. Short term borrowing for temporary revenue purposes, should it be required, would be authorised by the Principal. Such arrangements are restricted by limits in the Financial Memorandum with the Skills Funding Agency. All other borrowing requires the authorisation of the Corporation and shall comply with the requirements of the Financial Memorandum of the Skills Funding Agency. The College treasury management utilises both fixed and variable interest rate products in order to minimise the College's exposure to significant interest rate movements.

## **Operating and Financial Review (continued)**

**Year ended 31 July 2015**

### **Cash Flows**

For 2014/15 there was a small operating cash outflow of £128k (2013/14 £39k).

### **Liquidity**

At the year end, the College had unsecured loans of £14,727k however of this £3,000k is matched on short term deposit in order to exploit favourable interest rate differences between the borrowing and deposit rates.

### **Post Balance Sheet events**

There has been no significant change to the College's activities since the balance sheet date.

### **Resources**

The main tangible physical resources include the two campuses at the Town Centre and the Technology Campus which have a combined gross floor area of 41,000 m<sup>2</sup>.

The College is committed to continually improving and investing in its Estate and associated infrastructure:

#### **Technology Campus Refurbishment**

The refurbishment of the Technology Campus began in March 2014 and is scheduled to be completed by January 2016. The project has improved classroom and corridor areas and created a new refectory. Work over the remainder of 2015 will create a new entrance and library. There has also been investment in teaching and classroom equipment together with an upgrade to the IT provision. The total cost of the project is forecast to be £5.1m. The College has received a grant of £990k from the Skills Funding Agency towards the project with the balance being met from College reserves.

### **Risk Management**

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

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

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

### **Maintain adequate funding of pension liabilities**

The financial statements report the share of the Merseyside Pension Scheme deficit on the College's balance sheet in line with the requirements of FRS 17.

### **Stakeholder Relationships**

In line with other colleges and Universities, St Helens College has many stakeholders. These include:

- Students
- Funding Councils
- Staff
- Local Employers
- Local Authorities
- The LEP
- Government Offices
- The Local Community
- Other FE Institutions
- Trade Unions
- Professional Bodies

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



## Operating and Financial Review (continued)

### Year ended 31 July 2015

#### Equal opportunities and employment of disabled persons

St Helens 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, able-bodied, class and age. We strive vigorously to remove conditions which place people at a disadvantage and we are actively combatting bigotry. This policy will be resourced, implemented and monitored on a planned basis. The College's Equality and Diversity Policy and all related processes, procedures and guidelines are published on the College Intranet.

The College considers all applications from disabled persons, bearing in mind the aptitudes of the individuals concerned. Where an existing employee becomes disabled, every effort is made to ensure that employment with the

College continues. The College's policy is to provide training, career development and opportunities for promotion, which are, as far as possible, identical to those for other employees. An equalities plan is published each year and monitored by managers and governors.

#### Disability statement

The College seeks to achieve the objectives set down in the Disability Discrimination Act (DDA) 1995 amended by the Special Educational Needs and Disability Act 2001 (SENDA) and further developed under the Equalities Act 2010. Under Part IV of the DDA amended by the SENDA, the duty to provide auxiliary aids, through reasonable adjustment, came into force in September 2003. Since October 2004 there is a requirement for educational organisations to make reasonable adjustments to physical features of their premises in order to overcome physical barriers to access, and the College endeavours to be compliant.

The admission policy for all students is described in the College's student handbook. Appeals against a decision not to offer a place are dealt with under the complaints policy.

The College has invested in the appointments of specialist lecturers to support students with learning difficulties and/or disabilities. There are a number of learner support officers who can provide a variety of support for learning, including help during examinations. There is an on-going programme of staff development to ensure awareness and the provision of a high level of appropriate support to students who have learning difficulties and/or disabilities.

Additional support mechanisms for those students with learning difficulties and/or disabilities are outlined in the College's student handbook.

#### Disclosure of Information to auditors

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

Approved by order of the members of the Corporation on 8<sup>th</sup> December 2015 and signed on its behalf by:



Roy Clarke

Chair



## Professional Advisors

Bankers	Lloyds 13/15 Hardshaw Street St Helens WA10 1QZ
Solicitors	Eversheds LLP Eversheds House 70 Great Bridgewater Street Manchester M1 5ES
Financial Auditors	KPMG LLP 1 St Peter's Square Manchester M2 3AE
Internal Auditors	RSM UK Steam Hill Chester CH3 5AN

## Statement of Corporate Governance and Internal Control

The College is committed to exhibiting best practice in all aspects of corporate governance. This summary describes the manner in which the College has applied the principles set out in the UK Corporate Governance Code issued by the London Stock Exchange in June 2010. Its purpose is to help the reader of the accounts understand how the principles have been applied.

In the opinion of the governors, the College complies with all the provisions of the Code in so far as they apply to the Further Education Sector, and it has complied throughout the year ended 31 July 2015.

The Governing Body recognises that, as a body entrusted with both public and private funds, it has a particular duty to observe the highest standards of corporate governance at all times. In carrying out its responsibilities, it takes full account of The Code of Good Governance for English Colleges issued by the Association of Colleges in March 2015, which it formally adopted at the Corporation meeting held on 19 May 2015.

### The Corporation

The Members who served on the Corporation during the year and up to the date of signature of this report were as listed below. The number of meetings attended is also shown.

Name	Date of appointment *	Term of office	Date of resignation	Status of appointment	Committees served	Number of Corporation meetings attended
Cllr Susan Murphy	July 2013 – July 2017	4 years	July 2015	Local Authority Member		0 of 7
Philip Round	Jan 2015 – Jan 2019	4 years		External Member	Resources; Remuneration; Standards and Curriculum	7 of 7
Nick Hall	May 2013 – May 2017	4 years		External Member	Resources	6 of 7
Julie Heap	July 2014 – July 2018	4 years		Staff Member	Gamble Ed Charity Trust	7 of 7
Ann Mabbott	Sept 2013 – Sept 2014	1 year	September 2014	External Member	Standards & Curriculum; Gamble Ed Charity Trust (Chair)	1 of 1
Roy Clarke	July 2013 – July 2017	4 years		External Member	Corporation (Chair); Resources (Chair); Search & Gov (Chair); Remuneration	7 of 7
Elaine Brocklehurst	Jan 2014 – Jan 2018	4 years		External Member	Corporation (Deputy Chair); Resources; Standards & Curriculum (Chair); Remuneration (Chair); Search & Gov; Gamble Ed Charity Trust	5 of 7
Susan Jee	March 2013 – March 2017	4 years		External Member	Resources; Standards and Curriculum	7 of 7
Diane Charnock	March 2014 - March 2018	4 years		External Member	Standards and Curriculum; Audit Search and Governance	4 of 7
Keith Sanderson	Jan 2013 – Jan 2017	4 years		External Member	Audit Committee	4 of 7
John Middlehurst	Dec 2014 – Dec 2018	4 Years		External Member	Audit (Chair); Standards and Curriculum Committee	3 of 7
Alexis McLean	Sept 2013 – Sept 2017	4 years		External Member		1 of 7
Nick Shore	Jan 2013 – Jan 2017	4 years		External Member	Search and Governance	5 of 7
Jette Burford	Jan 2012	n/a		Principal	Resources; Search & Gov; Gamble Ed Charity Trust; Standards & Curriculum	7 of 7
Sarah Taylor	Sept 2014 – July 2015	1 Year	July 2015	Student Member		3 of 6
David Rider	Sept 2014 – July 2015	1 Year	July 2014	Student Member		4 of 6
There were two vacancies on the Corporation throughout 2014/15						-
Christine Jones is Clerk to the Corporation						7 of 7
* This date depicts the most recent date of reappointment for some members						



## Statement of Corporate Governance and Internal Control (continued)

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

The Corporation is provided with regular and timely information on the overall financial performance of the College together with other information such as performance against funding targets, national benchmarks, proposed capital expenditure, quality matters and personnel-related matters such as health and safety and environmental issues. The Corporation is scheduled to meet 6 times per year (with one non-scheduled meeting also held in 2014/15).

The Corporation conducts its business through a number of committees. Each committee has terms of reference, which have been approved by the Corporation. These committees are the Resources, Remuneration, Search and Governance, Audit, Standards and Curriculum and Gamble Educational Charity Trust Committees. Full minutes of all meetings, except those deemed to be confidential by the Corporation, are available from the Clerk to the Corporation at:

Room BS278  
St Helens College  
Water Street  
St Helens  
WA10 1PP

Open Minutes are also posted on the College's website.

The Clerk to the Corporation maintains a register of financial and personal interests of the governors. The register is available for inspection at the above address and will be also available on the College website.

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

Formal agendas, papers and reports are supplied to governors in a timely manner, prior to Board meetings. Briefings are also provided both on an ad hoc basis and through specific and targeted training sessions.

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

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

### Appointments to the Corporation

Any new appointments to the Corporation are a matter for the consideration of the Corporation as a whole. The Corporation has a Search and Governance Committee, consisting of four Members of the Corporation, and the Principal, which is responsible for the selection and nomination of any new member for the Corporation's consideration. The Corporation is responsible for ensuring that appropriate Governor development is provided as required.

Members of the Corporation are appointed for an initial term-of-office not exceeding four years, apart from the student governors who are appointed on an annual basis, the Principal who is appointed as an ex-officio Member of the Corporation, and Members are eligible for re-appointment. The Corporation has agreed that a maximum of two terms will be served (with the option of a third term should this be required) for any new members (this policy commenced in January 2013).

### Remuneration Committee

Throughout the year ending 31 July 2015, the College's Remuneration Committee comprised three members of the Corporation. The Committee's responsibilities are to make recommendations to the Board on the remuneration and benefits of the Principal and other senior post-holders and the Clerk to the Corporation.

Details of remuneration for the year ended 31 July 2015 are set out in note 7 to the financial statements.



## Statement of Corporate Governance and Internal Control (continued)

### **Audit Committee**

The Audit Committee comprises five external members of the Corporation (excluding the Principal and Chair). The Committee operates in accordance with written terms of reference approved by the Corporation.

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

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

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

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

### **Internal control**

#### ***Scope of responsibility***

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

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

#### ***The purpose of the system of internal control***

The system of internal control is designed to manage risk to a reasonable level rather than to eliminate all risk of failure to achieve policies, aims and objectives; it can therefore only provide reasonable and not absolute assurance of effectiveness. The system of internal control is based on an on-going process designed to identify and prioritise the risks to the achievement of College policies, aims and objectives, to evaluate the likelihood of those risks being realised and the impact should they be realised, and to manage them efficiently, effectively and economically. The system of internal control has been in place in St Helens College for the year ended 31 July 2015 and up to the date of approval of the annual report and accounts.

#### ***Capacity to handle risk***

The Corporation has reviewed the key risks to which the College is exposed together with the operating, financial and compliance controls that have been implemented to mitigate those risks. The Corporation is of the view that there is a formal on-going process for identifying, evaluating and managing the College's significant risks that has been in place for the period ending 31 July 2015 and up to the date of approval of the annual report and accounts. This process is regularly reviewed by the Corporation.

#### ***The risk and control framework***

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

- comprehensive budgeting systems with an annual budget, which is reviewed and agreed by the 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.



## Statement of Corporate Governance and Internal Control (continued)

St Helens College has an internal audit service, which operates in accordance with the requirements of the revised Joint Audit Code of Practice. The work of the internal audit service is informed by an analysis of the risks to which the College is exposed, and annual internal audit plans are based on this analysis. The analysis of risks and the internal audit plans are endorsed by the Corporation on the recommendation of the audit committee. At minimum annually, the Head of Internal Audit (HIA) provides the governing body with a report on internal audit activity in the College. The report includes the HIA's independent opinion on the adequacy and effectiveness of the College's system of risk management, controls and governance processes.

### **Review of effectiveness**

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

- the work of the internal auditors
- the work of the executive managers within the College who have responsibility for the development and maintenance of the internal control framework
- comments made by the College's financial statements auditors, the regularity auditors (for colleges in plan-led funding), the appointed funding auditors (for colleges outside plan-led funding) in their management letters and other reports.

The Principal 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 internal auditor and risk committee, and a plan to address weaknesses and ensure continuous improvement of the system is in place.

The College's Senior Leadership Team receives reports setting out key performance and risk indicators and considers possible control issues brought to their attention by early warning mechanisms, which are embedded within the departments and reinforced by risk awareness training. The Senior Leadership Team and the Audit Committee also receive regular reports from internal audit, which include recommendations for improvement. The Audit Committee's role in this area is confined to a high-level review of the arrangements for internal control. The Corporation's agenda includes a regular item for consideration of risk and control and receives reports thereon from the Senior Leadership Team and the Audit Committee. The emphasis is on obtaining the relevant degree of assurance and not merely reporting by exception. At its September 2015 meeting, the Corporation carried out the annual assessment for the year ended 31 July 2015 by considering documentation from the senior management team and internal audit, and taking account of events since 31 July 2015.

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

### **Going concern**

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

Approved by order of the members of the Corporation on 7 December 2015 and signed on its behalf by:



**Roy Clarke**  
Chair



**Jette Burford**  
Principal

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

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

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

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



## Statement of Responsibilities of the Members of the Corporation

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

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

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

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

The Corporation is also required to prepare an Operating and Financial Review which describes what it is trying to do and how it is going about it, including the legal and administrative status of the College.

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

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

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

Approved by order of the members of the Corporation on 7 December 2015 and signed on its behalf by:



**Roy Clarke**  
Chair

## Independent auditor's report to the Corporation of St Helens College

We have audited the Group and College financial statements ("the financial statements") of St Helens College for the year ended 31 July 2015 set out on pages 17 to 46. The financial reporting framework that has been applied in their preparation is applicable law and UK accounting standards (UK Generally Accepted Accounting Practice).

This report is made solely to the 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, as a body, those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Corporation, as a body, for our audit work, for this report, or for the opinions we have formed.

### Respective Responsibilities of the Corporation of St Helens College and Auditors

As explained more fully in the Statement of Responsibilities of the Members of the Corporation set out on page 13, the Corporation is responsible for the preparation of financial statements which give a true and fair view.

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

### Scope of the audit of the financial statements

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

### Opinion on financial statements

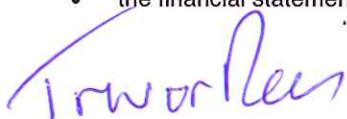
In our opinion the financial statements:

- give a true and fair view, in accordance with UK Generally Accepted Accounting Practice, of the state of the Groups' and of the College's affairs as at 31 July 2015 and of the Group's surplus for the year then ended;
- have been properly prepared in accordance with UK Generally Accepted Accounting Practice; and
- have been properly prepared in accordance with the 2007 Statement of Recommended Practice – Accounting for Further and Higher Education Institutions.

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

In our opinion:

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



Trevor Rees  
For and behalf of KPMG LLP, Statutory Auditor  
Chartered Accountants  
KPMG LLP  
1 St Peter's Square  
Manchester  
M2 3AE

Date:

18 December 2015



## **Independent Auditor's Report on Regularity to the Corporation of St Helens College and the Secretary of State for Business, Innovation and Skills acting through Skills Funding Agency**

In accordance with the terms of our engagement letter dated 1 October 2015 and further to the requirements of the financial memorandum with 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 Helens College during the period 1 August 2014 to 31 July 2015 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 Joint Audit Code of Practice issued jointly by Skills Funding Agency and Education Funding Agency. 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 Skills Funding Agency has other assurance arrangements in place.

This report is made solely to the corporation of St Helens College and the Skills Funding Agency in accordance with the terms of our engagement letter. Our work has been undertaken so that we might state to the corporation of St Helens College and Skills Funding Agency 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 Helens College and Skills Funding Agency for our work, for this report, or for the conclusion we have formed.

### **Respective responsibilities of St Helens College and the reporting accountant**

The corporation of St Helens 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 to obtain limited assurance and report in accordance with our engagement letter and the requirements of the Joint Audit Code of Practice. 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 2014 to 31 July 2015 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 Joint Audit Code of Practice issued jointly by Skills Funding Agency and Education Funding Agency. 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 our conclusion included:

- Documenting the framework of authorities which govern the activities of the College;
- Undertaking a risk assessment based on our understanding of the general control environment and any weaknesses in internal controls identified by our audit of the financial statements;
- Reviewing the self-assessment questionnaire which supports the representations included in the Chair of Governors and Accounting Officer's statement on regularity, propriety and compliance with the framework of authorities;



- Testing transactions with related parties;
- Confirming through enquiry and sample testing that the College has complied with its procurement policies and that these policies comply with delegated authorities; and
- Reviewing any evidence of impropriety resulting from our work and determining whether it was significant enough to be referred to in our regularity report.

This list is not exhaustive and we performed additional procedures designed to provide us with sufficient appropriate evidence to express a negative conclusion on regularity consistent with the requirements of the Joint Audit Code of Practice.

### Conclusion

In the course of our work, nothing has come to our attention which suggests that in all material respects the expenditure disbursed and income received during the period 1 August 2014 to 31 July 2015 has not been applied to purposes intended by Parliament and the financial transactions do not conform to the authorities which govern them.



**Trevor Rees**  
**For and on behalf of KPMG LLP, Reporting Accountant**  
KPMG LLP  
1 St Peter's Square  
Manchester  
M2 3AE

Date: 18 December 2015

## Statement of the Principal Accounting Policies Year ended 31 July 2015

### 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 (SORP): Accounting in Further and Higher Education 2007, and in accordance with applicable Accounting Standards. They conform to guidance published in the 2014/15 Accounts Direction Handbook.

### Basis of accounting

The financial statements are prepared in accordance with the historical cost convention modified by the revaluation of certain fixed assets.

### Going concern

The activities of the College, together with the factors likely to affect its future development and performance are set out in the 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 £14.7m of loans outstanding with bankers on terms negotiated at a number of points in the last few years. The College's forecasts and financial projections indicate that it will be able to operate within this existing facility and covenants for the foreseeable future.

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

### Basis of consolidation

The consolidated financial statements include the financial statements of the College and its subsidiary undertakings, Gamble Educational Charity Trust and Skills Northwest Limited. Intra-group sales and profits are eliminated fully on consolidation. The results of subsidiaries acquired or disposed of during the period are included in the consolidated income and expenditure account from the date of acquisition or up to the date of disposal. In accordance with FRS2, the activities of the student union have not been consolidated because the College does not control these activities. All financial statements are made up to 31 July 2015.

### Associated undertakings

The Group's share of profits less losses of associated undertakings is included in the consolidated income and expenditure account and the Group's share of their net assets is included in the consolidated balance sheet. These amounts are taken from the latest audited financial statements of the undertakings concerned, which have the same accounting reference date, except in the case of Waterside Training Limited where management accounts have been used. Because the accounting policies of associated undertakings do not necessarily conform in all respects to those of the Group, adjustments are made on consolidation if the amounts involved are material to the group.

### Recognition of income

The recurrent grant from HEFCE represents the funding allocations attributable to the current financial year and is credited direct to the income and expenditure account.

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 responsive 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. Employer responsive grant income is recognised based on a year-end reconciliation of income claimed and actual delivery. 16-18 learner responsive funding is not normally subject to a reconciliation and is therefore not subject to contract adjustments.

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

Income from tuition fees is recognised in the period for which it is received and includes all fees payable by students or their sponsors, for example the National Health Service.

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

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



## Statement of the Principal Accounting Policies (continued)

Year ended 31 July 2015

### Post-retirement Benefits

Retirement benefits for employees of the College are provided by the Teacher's 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 Earnings-Related Pension Scheme (SERPS).

Contributions to the TPS scheme 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 quinquennial valuations using a prospective benefit method. As stated in note 24, the TPS is a multi-employer scheme and the College is unable to identify its share of the underlying assets and liabilities of the scheme on a consistent and reasonable basis. The TPS is therefore treated as a defined contribution scheme and the contributions recognised as they are paid each year.

The assets of the LGPS are measured using closing market values. LGPS liabilities are measured using the projected unit method and discounted at the current rate of return on a high quality corporate bond of equivalent term and currency to the liability. The increase in the present value of the liabilities of the scheme expected to arise from employee service in the period is charged to the operating surplus. The expected return on the scheme's assets and the increase during the period in the present value of the scheme's liabilities, arising from the passage of time, are included in pension finance costs. Actuarial gains and losses are recognised in the statement of total recognised gains and losses.

Further details of the pension schemes are given in note 24.

### Tangible fixed assets

#### a) Land and buildings

Land and buildings inherited from the Local Education Authority (LEA) are stated in the balance sheet at valuation on the basis of depreciated replacement cost, as the open market value for existing use is not readily obtainable. Land and buildings acquired since incorporation are included in the balance sheet at cost or at valuation where a formal valuation has been carried out. Building improvements made since incorporation are included in the balance sheet at cost. Freehold land is not depreciated. Freehold buildings are depreciated over their expected useful economic life to the College of 50 years. The College has a policy of depreciating minor adaptations to buildings over the period of their useful economic life to the College of 10 years, and major adaptations over the period of their useful economic life to the College of 20 years.

Where land and buildings are acquired with the aid of specific grants, they are capitalised and depreciated as above. The related grants are credited to a deferred capital grant account, and are released to the income and expenditure account over the expected useful economic life of the related asset on a basis consistent with the depreciation policy.

Finance costs which are directly attributable to the construction of the land and buildings, are capitalised as part of the costs of the asset.

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

On adoption of FRS15, the College followed the transitional provision to retain the book value of the land and buildings, which were revalued in 1996, but decided not to adopt a policy of revaluations of these properties in the future. These values are retained subject to the requirement to test assets for impairment in accordance with FRS11.

#### 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.



## Statement of the Principal Accounting Policies (continued)

Year ended 31 July 2015

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

**c) Equipment**

Equipment costing less than £1,000 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 has been depreciated on a straight-line basis over its remaining useful economic life to the College of four years from incorporation and is now fully depreciated. All other equipment is depreciated over its useful economic life of four years.

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 over the expected useful life of the related equipment.

**d) Leased assets**

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

Leasing agreements which transfer to the College substantially all the benefits and risks of ownership of an asset are treated as if the asset had been purchased outright and are capitalised at their fair value at the inception of the lease and depreciated over the shorter of the lease term or the useful economic lives of equivalently owned assets. The capital element outstanding is shown as obligations under finance leases.

The finance charges are allocated over the period of the lease in proportion to the capital element outstanding. Where finance lease payments are funded in full from funding council capital equipment grants, the associated assets are designated as grant-funded assets.

### Investments

Listed fixed asset investments are carried at market value.

Current asset investments, which may include listed investments, are included in the balance sheet at the lower of their original cost and net realisable value.

### Foreign currency translation

Transactions denominated in foreign currencies are recorded using the rate of exchange ruling at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies are translated at the rates of exchange ruling at the end of the financial period with all resulting exchange differences being taken to the income and expenditure account in the period in which they arise.

### Stocks

Stocks included in the balance sheet are stated at the lower of cost or net realisable value. Where necessary, provision is made for obsolete, slow moving and defective stocks.

### Taxation

The College is an exempt charity within the meaning of Schedule 2 of the Charities Act 1993 as amended by the Charities Act 2006, and as such is a charity within the meaning section 506(1) of the Income and Corporation Taxes Act 1988 (ICTA 1988). Accordingly, the College is potentially exempt from taxation in respect of income or capital gains received within categories covered by section 505 of ICTA 1988 or section 256 of the Taxation of Chargeable Gains Act 1992, to the extent that such income or gains are applied to exclusively 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.

Subsidiary companies are subject to corporation tax and VAT in the same way as any other commercial organisation.



## **Statement of the Principal Accounting Policies (continued)**

**Year ended 31 July 2015**

### **Liquid resources**

Liquid resources include sums on short-term deposits with recognised banks, 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, and 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 Learner Support Funds. Related payments received from the Skills Funding Agency, EFA and HEFCE and subsequent disbursements to students are excluded from the Income and Expenditure account and are shown separately in Note 33, except for the 5 per cent 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.

**Consolidated Income and Expenditure Account**

Year ended 31 July 2015

	Note	2015 £'000	2014 £'000
<b>Income</b>			
Funding body income	1	17,637	18,645
Tuition fees and education contracts	2	5,715	4,954
Other grant income	3	269	405
Other operating income	4	1,977	1,758
Investment income	5	208	182
		<hr/>	<hr/>
<b>Total income - continuing operations</b>		<b>25,806</b>	<b>25,764</b>
		<hr/>	<hr/>
<b>Expenditure</b>			
Staff costs	6	16,122	18,406
Other operating expenses	8	6,179	6,112
Depreciation and other amounts written off tangible fixed assets	12	2,633	2,638
Interest and other finance costs	9	579	689
		<hr/>	<hr/>
<b>Total expenditure - continuing operations</b>		<b>25,522</b>	<b>27,845</b>
		<hr/>	<hr/>
Surplus/(Deficit) on continuing operations after depreciation of tangible fixed assets at valuation and disposal of assets and before tax		293	(2,081)
Profit on disposal of fixed assets.	14	(1)	48
Share of loss in associated undertaking		(15)	(11)
		<hr/>	<hr/>
Surplus/(Deficit) on continuing operations after depreciation of tangible fixed assets at valuation and disposal of assets but before tax		277	(2,044)
Taxation	10	-	-
		<hr/>	<hr/>
<b>Surplus/(Deficit) on continuing operations after depreciation of assets at valuation, disposal of assets and tax</b>	<b>11</b>	<b>277</b>	<b>(2,044)</b>
		<hr/>	<hr/>



**Consolidated Statement of Historical Cost Surpluses and Deficits**

Year ended 31 July 2015

	Note	2015 £'000	2014 £'000
Surplus/(Deficit) on continuing operations after taxation		277	(2,044)
Difference between historical cost depreciation and the actual charge for the period calculated on the revalued amount	22	79	79
		<u>356</u>	<u>(1,965)</u>
<b>Historical cost surplus/(deficit) for the period before taxation</b>		<u>356</u>	<u>(1,965)</u>
<b>Historical cost surplus/(deficit) for the period after taxation</b>		<u>356</u>	<u>(1,965)</u>

**Consolidated Statement of Total Recognised Gains and Losses**

Surplus/(Deficit) on continuing operations after depreciation of assets at valuation and tax		277	(2,044)
Actuarial (loss)/gain in respect of pension scheme	24	(3,091)	1,851
Appreciation of investments		2	8
		<u>(2,812)</u>	<u>(185)</u>
<b>Total recognised losses relating to the period</b>		<u>(2,812)</u>	<u>(185)</u>
<b>Total recognised losses since last report</b>		<u>(2,812)</u>	<u>(185)</u>

**Reconciliation**

Opening reserves		1,397	1,582
Total recognised losses for the year		<u>(2,812)</u>	<u>(185)</u>
<b>Closing reserves and endowments</b>		<u>(1,415)</u>	<u>1,397</u>

## Consolidated and College Balance Sheets

As at 31 July 2015

	Note	Group 2015 £'000	College 2015 £'000	Group 2014 £'000	College 2014 £'000
<b>Fixed Assets</b>					
Tangible assets	12	64,424	64,424	63,984	63,984
Investments	13	63	72	608	70
		<hr/>	<hr/>	<hr/>	<hr/>
		64,487	64,496	64,592	64,054
		<hr/>	<hr/>	<hr/>	<hr/>
<b>Current Assets</b>					
Assets held for resale	14	100	100	100	100
Stock		31	31	26	26
Debtors	15	916	918	643	637
Investments		3,270	3,000	540	-
Cash at bank and in hand		4,163	3,356	7,760	7,731
		<hr/>	<hr/>	<hr/>	<hr/>
		8,480	7,405	9,069	8,494
		<hr/>	<hr/>	<hr/>	<hr/>
<b>Creditors: amounts falling due within one year</b>	16	(6,852)	(6,890)	(5,297)	(5,335)
		<hr/>	<hr/>	<hr/>	<hr/>
<b>Net Current Assets</b>		1,628	515	3,772	3,159
		<hr/>	<hr/>	<hr/>	<hr/>
<b>Total assets less current liabilities</b>		66,115	65,011	68,364	67,213
Add: Long term deposit		-	-	3,000	3,000
		<hr/>	<hr/>	<hr/>	<hr/>
		66,115	65,011	71,364	70,213
		<hr/>	<hr/>	<hr/>	<hr/>
Less: creditors – amounts falling due after more than one year	17	(12,455)	(12,455)	(16,159)	(16,159)
Less: Provisions for liabilities	18	(164)	(164)	(224)	(224)
		<hr/>	<hr/>	<hr/>	<hr/>
Net assets excluding pension liability		53,496	52,392	54,981	53,830
Net pension liability	24	(14,836)	(14,836)	(11,924)	(11,924)
		<hr/>	<hr/>	<hr/>	<hr/>
<b>Net assets including pension liability</b>		38,660	37,556	43,057	41,906
		<hr/>	<hr/>	<hr/>	<hr/>



**Consolidated and College Balance Sheets (continued)**

As at 31 July 2015

	Note	Group 2015 £'000	College 2015 £'000	Group 2014 £'000	College 2014 £'000
<b>Deferred capital grants</b>	20	40,107	40,107	41,660	41,660
<b>Reserves</b>					
Income and expenditure account excluding pension reserve	22	9,413	8,309	9,236	8,118
Pension reserve	24	(14,836)	(14,836)	(11,924)	(11,924)
Income and expenditure account including pension reserve		(5,423)	(6,527)	(2,688)	(3,806)
Revaluation reserve	21	2,702	2,702	2,814	2,781
Other reserve	23	1,274	1,274	1,271	1,271
<b>Total reserves</b>		(1,447)	(2,551)	1,397	246
<b>Total</b>		38,660	37,556	43,057	41,906

The financial statements on pages 21 to 46 were approved by the Corporation on 8 December 2015 and were signed on its behalf by:



Roy Clarke  
Chairman of the Corporation



Jette Burford  
Principal

## Consolidated Cash Flow Statement

Year ended 31 July 2015

	Note	2015 £'000	2014 £'000
Cash outflow from operating activities	25	(182)	(39)
Returns on investment and servicing of finance	27	(420)	(425)
Taxation	10	-	-
Capital expenditure and financial investment	27	(2,987)	275
Financing		(778)	(759)
Management of liquid resources	27	770	-
		<u>          </u>	<u>          </u>
Decrease in cash in the period		(3,597)	(948)
		<u>          </u>	<u>          </u>
<b>Reconciliation of net cash flow to movement in net funds</b>			
Decrease in cash in the period		(3,597)	(948)
Cash outflow on loans		778	759
Cash outflow from liquid resources		(270)	-
		<u>          </u>	<u>          </u>
Movement in net funds in the year		(3,089)	(189)
Net funds at 1 August		(7,205)	(7,016)
		<u>          </u>	<u>          </u>
Net funds at 31 July		(10,294)	(7,205)
		<u>          </u>	<u>          </u>



## Notes to the Financial Statements

Year ended 31 July 2015

### 1. Funding Body Income

	Main Funding Body	Higher Education Funding Council	Total 2015	Total 2014
	£'000	£'000	£'000	£'000
Recurrent grant	14,355	959	15,314	16,217
Apprenticeship income	648		648	567
Releases of deferred capital grants	1,367		1,367	1,361
Local Intervention Development Funds	308		308	323
Other Funds				
<b>TOTAL</b>	<b>16,678</b>	<b>959</b>	<b>17,637</b>	<b>18,465</b>

### 2. Tuition Fees and Education Contracts

	Group 2015 £'000	Group 2014 £'000
Tuition Fees UK FE	2,170	1,905
Tuition Fees UK HE	3,211	2,957
Education Contracts	334	92
	<b>5,715</b>	<b>4,954</b>

### 3. Other Grant Income

	Group 2015 £'000	Group 2014 £'000
Other funds	269	405

### 4. Other Operating Income

	Group 2015 £'000	Group 2014 £'000
Catering and residence operations	522	152
Other income-generating activities	326	162
Other income	855	1,186
Release from deferred capital grants (non Skills Funding Agency)	274	258
	<b>1,977</b>	<b>1,758</b>

## Notes to the Financial Statements (continued)

Year ended 31 July 2015

## 5. Investment Income

	Group 2015 £'000	Group 2014 £'000
Other interest receivable	159	182
Pension finance income (note 24)	49	-
	<u>208</u>	<u>182</u>

## 6. Staff Costs

The average number of persons (including senior post-holders) employed by the College during the period, expressed as full time equivalents, was:

	Group 2015 Number	Group 2014 Number
Teaching departments – teaching staff	275	286
Teaching departments – other staff	40	47
Teaching support services	30	30
Other support services	23	26
Administration and central services	76	85
Premises	11	12
Other	16	19
	<u>471</u>	<u>505</u>
	<b>2015</b>	<b>2014</b>
	<b>£'000</b>	<b>£'000</b>
Teaching departments – teaching staff	9,874	10,630
Teaching departments – other staff	1,440	581
Teaching support services	878	1,270
Other support services	522	953
Administration and central services	2,496	3,447
Premises	252	263
Other	532	339
Payroll sub total	<u>15,993</u>	<u>17,483</u>
Contracted out staffing costs	28	91
Sub total	<u>16,021</u>	<u>17,574</u>
Restructuring costs	101	832
Total	<u>16,122</u>	<u>18,406</u>
Wages and salaries	13,081	14,228
Social security costs	904	985
Other pension costs (including FRS17 adjustment)	1,915	2,264
Other employee costs	93	6
Payroll sub-total	<u>15,993</u>	<u>17,483</u>
Contracting out staffing costs	28	91
Restructuring costs	101	832
	<u>16,122</u>	<u>18,406</u>



## Notes to the Financial Statements (continued)

Year ended 31 July 2015

## 6. Staff Costs (cont)

	2015 £'000	2014 £'000
Employment costs for staff on permanent contracts	15,310	16,788
Employment costs for staff on short-term and temporary contracts	683	695
Restructuring costs	101	832
Contracted out staffing costs	28	91
	<u>16,122</u>	<u>18,406</u>

The number of staff, including senior post-holders and the principal, who received emoluments in the following ranges was:

	Senior post-holders		Other staff	
	2015 No.	2014 No.	2015 No.	2014 No.
£40,001 to £50,000	-	1	-	-
£50,001 to £60,000	-	-	-	1
£60,001 to £70,000	-	-	-	-
£70,001 to £80,000	-	1	2	2
£80,001 to £90,000	2	1	-	-
£90,001 to £100,000	-	-	-	-
£100,001 to £110,000	-	-	-	-
£110,001 to £120,000	-	-	-	-
£130,001 to £140,000	-	-	-	-
£140,001 to £150,000	1	1	-	-
	<u>3</u>	<u>4</u>	<u>2</u>	<u>3</u>

## 7. Senior Post-Holders' Emoluments

Senior post-holders 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 at the College relating to the appointment and promotion of staff who are appointed by the board of governors.

	2015 Number	2014 Number
The number of senior post-holders including the principal was:	<u>3</u>	<u>4</u>
	£'000	£'000
Senior post-holders' emoluments are made up as follows:		
Salaries	283	301
Benefits in kind	4	4
	<u>287</u>	<u>305</u>
Pension contributions	38	40
	<u>325</u>	<u>345</u>
<b>Total emoluments</b>	<u>325</u>	<u>345</u>

## Notes to the Financial Statements (continued)

Year ended 31 July 2015

### 7. Senior Post-Holders' Emoluments (cont)

The above emoluments include amounts payable to the Principal (who is the highest paid senior post-holder) of:

	2015 £'000	2014 £'000
Salary	126	126
Benefits in kind	2	1
	<hr/>	<hr/>
	128	127
Pension contributions	18	18
	<hr/>	<hr/>
<b>Total emoluments</b>	<b>146</b>	<b>145</b>
	<hr/>	<hr/>

The members of the Corporation other than the Principal, Deputy Principal and staff governor did not receive any payment from the college other than the reimbursement of travel and subsistence expenses incurred in the course of their duties.

The pay award of the three senior post holders, including the Principal, is determined by the Remuneration Committee. The pay award of other senior staff and the Senior Leadership Team is determined on an individual basis by the Resources Committee. All pay awards are subject to approval by the Corporation.



## Notes to the Financial Statements (continued)

Year ended 31 July 2015

### 8. Other Operating Expenses

	College 2015 £'000	College 2014 £'000
Teaching departments	482	505
Teaching support services	553	421
Other support services	118	125
Administration and central services	524	1,256
General education	1,041	1,028
Premises costs – running costs	1,231	1,352
Premises costs – maintenance	147	86
Premises costs – rents and leases	63	41
Planned maintenance	49	118
Contracted out collaborative provision	926	334
Other income generating activities	23	206
Catering and residence operations	312	70
Other expenses	710	568
	<u>6,179</u>	<u>6,112</u>

Other operating expenses include:

	£'000	£'000
Auditors' remuneration - external audit	23	23
- internal audit	15	14
- other services from:		
external audit	-	-
Internal audit	-	-
Hire of plant and machinery - operating leases	75	91

### 9. Interest Payable

	2015 £'000	2014 £'000
On bank loans:		
Repayable wholly or partly in more than five years	579	607
Pension finance costs	-	82
	<u>579</u>	<u>689</u>

## Notes to the Financial Statements (continued)

Year ended 31 July 2015

### 10. Taxation

In the opinion of the Members, the exemptions from the charge to tax at S505 ICTA 1998 and S256 TCGA 1992 were fulfilled with respect to the College's income and gains for the year ended 31 July 2014; accordingly, no provision for tax is made for the College.

### 11. Surplus/(Deficit) on Continuing Operations for the Year

The surplus/(deficit) on continuing operations for the year is made up as follows:

	2015 £'000	2014 £'000
College's surplus/(deficit) for the year	291	(2,019)
Profit/(loss) generated by subsidiary and associated undertakings	(15)	(11)
Surplus/(deficit) generated by the Gamble Educational Charity Trust	1	(14)
	<hr/>	<hr/>
Total	277	(2,044)
	<hr/>	<hr/>



## Notes to the Financial Statements (continued)

Year ended 31 July 2015

## 12. Tangible Fixed Assets

## Group and College

	Land and buildings		Equipment	Total
	Freehold	Long Leasehold		
	£'000	£'000	£'000	£'000
<b>Cost or valuation</b>				
At 1 August 2014	85,496	1,261	7,803	94,560
Additions	2,589		486	3,075
Disposals	(1,227)		(1,590)	(2,817)
	<hr/>	<hr/>	<hr/>	<hr/>
At 31 July 2015	86,858	1,261	6,699	94,818
<b>Depreciation</b>	<hr/>	<hr/>	<hr/>	<hr/>
At 1 August 2014	23,354	362	6,860	30,576
Charge for the period	2,074	50	510	2,634
Eliminated in respect of disposals	(1,227)		(1,589)	(2,816)
	<hr/>	<hr/>	<hr/>	<hr/>
At 31 July 2015	24,201	4113	5,781	30,394
	<hr/>	<hr/>	<hr/>	<hr/>
<b>Net book value at 31 July 2015</b>	<hr/>	<hr/>	<hr/>	<hr/>
	62,657	849	918	64,424
	<hr/>	<hr/>	<hr/>	<hr/>
Net book value at 1 August 2014	62,142	899	943	63,984
	<hr/>	<hr/>	<hr/>	<hr/>
Inherited	1,828	-	-	1,828
Financed by capital grant	39,736	169	202	40,107
Other	21,093	680	716	22,489
	<hr/>	<hr/>	<hr/>	<hr/>
	62,657	849	918	64,424
	<hr/>	<hr/>	<hr/>	<hr/>

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

A fixed asset property was valued in February 1995 at depreciated replacement cost by King Sturge and Co, Chartered Surveyors at £2.8 million (cost £1.0 million). Other tangible fixed assets inherited from the LEA at incorporation have been valued by the corporation on a depreciated replacement cost basis with the assistance of independent professional advice.

Land and buildings with a net book value of £38,066k have been partly financed by exchequer funds, through for example the receipt of capital grants. Should these assets be sold, the College may be liable, under the terms of the Financial Memorandum with the Skills Funding Agency, to surrender the proceeds.

If inherited land and buildings had not been valued they would have been included at the following amounts:

	£'000
Cost	-
Aggregate depreciation based on cost	-
	<hr/>
	-
	<hr/>

## Notes to the Financial Statements (continued)

Year ended 31 July 2015

## 13. Investments Group

	Associated undertakings £'000	Other investments £'000	Total £'000
Cost or valuation at 1 August 2014	46	562	608
Share of retained profits	(15)		(15)
Disposals		(532)	(532)
Revaluations		2	2
	<hr/>	<hr/>	<hr/>
<b>At 31 July 2015</b>	<b>31</b>	<b>32</b>	<b>63</b>
	<hr/>	<hr/>	<hr/>

Other investments comprise of:

	Total £ '000
Listed investments	32
	<hr/>

The listed investments relate to a discretionary fund created to provide financial assistance to eligible students and are included at market value as at 31 July 2015.

## College

	Interest in group undertakings £'000	Associated undertakings £'000	Other investments £'000	Total £'000
Cost or valuation at 1 August 2014	40	-	30	70
Additions	-	-	-	-
Revaluations	-	-	2	-
Disposals	-	-	-	-
	<hr/>	<hr/>	<hr/>	<hr/>
<b>At 31 July 2015</b>	<b>40</b>	<b>-</b>	<b>32</b>	<b>72</b>
	<hr/>	<hr/>	<hr/>	<hr/>
Amounts written off at 1 August 2014	-	-	-	-
In the period	-	-	-	-
Disposals	-	-	-	-
	<hr/>	<hr/>	<hr/>	<hr/>
<b>At 31 July 2015</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
	<hr/>	<hr/>	<hr/>	<hr/>
<b>Net book value 31 July 2015</b>	<b>40</b>	<b>-</b>	<b>32</b>	<b>72</b>
	<hr/>	<hr/>	<hr/>	<hr/>
31 July 2014	40	-	30	70
	<hr/>	<hr/>	<hr/>	<hr/>



## Notes to the Financial Statements (continued)

Year ended 31 July 2015

## 13. Investments (cont)

## Subsidiary undertakings

Name of undertaking	Country of incorporation or registration	Description of shares held	of	Principal activity	College %
Skills Northwest Limited	Great Britain	Ordinary shares	£1	Dormant	100%

Gamble Educational Charity Trust ("The Trust"), is a trust registered in Great Britain. The principal activity of the Trust is to provide support to students at St Helens College. The College is the sole trustee of the Trust.

## Associated undertakings

Name of undertaking	Description of shares held	Share of Undertaking %	Accounting Year end	Principal activity
Waterside Training Limited	Ordinary shares of £1	44.4	31 March	Training provider

## 14. Assets held for resale

	Group 2015 £'000	College 2015 £'000	Group 2014 £'000	College 2014 £'000
Langtree Street site	100	100	100	100
	<u>100</u>	<u>100</u>	<u>100</u>	<u>100</u>

The property at Langtree Street is on the market with a property consultant.

## Notes to the Financial Statements (continued)

Year ended 31 July 2015

## 15. Debtors: Amounts Falling Due Within One Year

	Group 2015 £'000	College 2015 £'000	Group 2014 £'000	College 2014 £'000
Trade debtors	366	366	274	274
Amounts owed by group undertakings:				
Subsidiary undertaking	-	-	-	-
Associated undertakings	16	16	29	29
Prepayments and accrued income	532	532	337	331
Other debtors	3	3	3	3
	<u>917</u>	<u>917</u>	<u>643</u>	<u>637</u>

## 16. Creditors: Amounts Falling Due Within One Year

	Group 2015 £'000	College 2015 £'000	Group 2014 £'000	College 2014 £'000
Bank loans and overdrafts	3,255	3,255	777	777
Trade creditors	1,074	1,073	1,192	1,192
Amounts owed to group undertakings:				
Subsidiary undertakings	-	39	-	39
Associated undertakings	27	27	27	27
Other taxation and social security	410	410	410	410
Accruals	1,045	1,045	1,772	1,771
Other creditors	1,041	1,040	1,119	1,119
	<u>6,852</u>	<u>6,890</u>	<u>5,297</u>	<u>5,335</u>

## 17. Creditors: Amounts Falling Due After One Year

	Group 2015 £'000	College 2015 £'000	Group 2014 £'000	College 2014 £'000
Bank loans and overdrafts	11,472	11,472	14,728	14,728
Other creditors	984	984	1,431	1,431
	<u>12,456</u>	<u>12,456</u>	<u>16,159</u>	<u>16,159</u>

# Notes to the Financial Statements (continued)

Year ended 31 July 2015

## 18. Provisions for liabilities

	Group 2015 £'000	College 2015 £'000	Group 2014 £'000	College 2014 £'000
SFA provision	164	164	224	224
	<u>164</u>	<u>164</u>	<u>224</u>	<u>224</u>

## 19. Borrowings

	Group 2015 £'000	College 2015 £'000	Group 2014 £'000	College 2014 £'000
Bank loans and overdrafts are repayable as follows:				
Within one year	3,255	3,255	777	777
Between one and two years	1,367	1,367	3,254	3,254
Between two and five years	1,681	1,681	1,970	1,970
In five years or more	8,424	8,424	9,504	9,504
	<u>14,727</u>	<u>14,727</u>	<u>15,505</u>	<u>15,505</u>



## Notes to the Financial Statements (continued)

Year ended 31 July 2015

## 20. Deferred Capital Grants

## Group and College

	Skills Funding Agency £'000	Other Grants £'000	Total £'000
<b>At 1 August 2014</b>			
Land and buildings	36,899	4,408	41,307
Equipment	208	145	353
	<u>37,107</u>	<u>4,553</u>	<u>41,660</u>
<b>Cash received or receivable</b>			
Land and buildings	-	-	-
Equipment	-	88	88
	<u>-</u>	<u>88</u>	<u>88</u>
<b>Released to income and expenditure account</b>			
Land and buildings	1,203	191	1,394
Equipment	163	84	247
	<u>1,366</u>	<u>275</u>	<u>1,641</u>
<b>At 31 July 2015</b>			
Land and buildings	35,696	4,217	39,913
Equipment	45	149	194
	<u>35,741</u>	<u>4,366</u>	<u>40,107</u>

## 21. Revaluation Reserve

	Group 2015 £'000	College 2015 £'000	Group 2014 £'000	College 2014 £'000
<b>At 1 August 2014</b>	2,814	2,781	2,886	2,860
Revaluations			7	
Transfer from revaluation to general reserve in respect of:				
Disposals	(33)			
Depreciation on revalued assets	(79)	(79)	(79)	(79)
	<u>2,702</u>	<u>2,702</u>	<u>2,814</u>	<u>2,781</u>
<b>At 31 July 2015</b>	2,702	2,702	2,814	2,781

## Notes to the Financial Statements (continued)

Year ended 31 July 2015

## 22. Income and Expenditure Account

	Group	College	Group	College
	2015 £'000	2015 £'000	2014 £'000	2014 £'000
<b>At 1 August 2014</b>	(2,688)	(3,806)	(2,574)	(3,716)
Surplus/(Deficit) retained for the year	277	291	(2,044)	(2,020)
Transfer from revaluation reserve	79	79	79	79
Actuarial gain/(loss) in respect of pension scheme	(3,091)	(3,091)	1,851	1,851
<b>At 31 July 2015</b>	<u>(5,423)</u>	<u>(6,527)</u>	<u>(2,688)</u>	<u>(3,806)</u>
Balance represented by:				
Pension reserve	(14,836)	(14,836)	(11,924)	(11,924)
Income and expenditure account reserve excluding pension scheme	<u>9,413</u>	<u>8,309</u>	<u>9,236</u>	<u>8,118</u>
<b>At 31 July 2015</b>	<u>(5,423)</u>	<u>(6,527)</u>	<u>(2,688)</u>	<u>(3,806)</u>

## 23. Other Reserves

## Group and College

	Restricted reserve £'000	Capital Reserve £'000	2015 Total £'000	2014 Total £'000
<b>At 1 August 2014</b>	34	1,237	1,271	1,270
Revaluations in period	3	-	3	1
<b>At 31 July 2015</b>	<u>37</u>	<u>1,237</u>	<u>1,274</u>	<u>1,271</u>

The purpose of the restricted reserve is to provide financial assistance to eligible students whose access to further education might be inhibited by financial considerations.

## Notes to the Financial Statements (continued)

Year ended 31 July 2015

## 24. Pension and Similar Obligations

The College's employees belong to two principal pension schemes, the Teachers' Pension Scheme (TPS) for academic and related staff and the Merseyside Pension Fund (MPF) for non-teaching staff. The total pension cost for the period was £2,195k (2014 £2,357k).

Total pension cost for the year	2014/15 £'000	2013/14 £'000
Teachers' Pension Scheme: contributions paid	1,053	1,093
Merseyside Pension Fund:		
Contributions paid	1,272	1,103
FRS17 charge	(130)	161
	<u>1,142</u>	<u>1,264</u>
Total Pension Cost for Year	<u>2,195</u>	<u>2,357</u>

The pension costs are assessed in accordance with the advice of independent qualified actuaries. The latest actuarial valuation of the TPS was 31 March 2012 and of the MPF 31 March 2013.

**The Teachers' Pension Scheme**

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

**The Teachers' Pension Budgeting and Valuation Account**

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

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

**Valuation of the Teachers' Pension Scheme**

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

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

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



## Notes to the Financial Statements (continued)

Year ended 31 July 2015

### 24. Pension and Similar Obligations (continued)

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

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

#### Scheme Changes

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

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

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

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

The pension costs paid to TPS in the year amounted to £1,053k (2014: £1,093k).

#### FRS17

Under the definitions set out in Financial Reporting Standard 17 Retirement Benefits, the TPS is a multi-employer pension scheme. The college is unable to identify its share of the underlying assets and liabilities of the scheme. Accordingly, the college has taken advantage of the exemption in FRS 17 and has accounted for its contributions to the scheme as if it were a defined contribution scheme.

#### MPF (LGPS)

The MPF is a defined benefit pension scheme, with the assets held in separate trustee administered funds. The total contribution made for the year ended 31 July 2015 was £1,582k, of which employers contributions totalled £1,272k and employees contributed £310k. For the year to 31 July 2015 agreed contribution rate for the employer contribution was 12.9%. However, because the scheme is in deficit, MPF has changed the way in which the deficit is recovered, and this is expressed as a single value rather than a percentage of pay. For the period to 31 July 2015, the College was required to pay £384k.

#### FRS17

The following information is based upon a full actuarial valuation of the Fund at 31 March 2014 updated to 31 July 2015 by a qualified independent actuary.

	31 July 2015	31 July 2014
	%	%
Rate of increase in salaries	3.7%	3.8%
Rate of increase for pensions	2.2%	2.3%
Discount rate for liabilities	3.8%	4.3%
Inflation assumption CPI	2.2%	2.3%

## Notes to the Financial Statements (continued)

Year ended 31 July 2015

## 24. Pension and Similar Obligations (continued)

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

	At 31 July 2015	At 31 July 2014
Retiring today/current pensioners:		
Males	22.4	22.3
Females	25.3	25.2
Retiring in 20 years/future pensioners:		
Males	24.8	24.7
Females	28.1	28.0

The assets and liabilities in the scheme (of which the college's share is estimated to be 0.63%) and the expected rates of return were:

	Long term rate of Return expected at 31 July 2015 %	Value at 31 July 2015 £'000	Long term rate of return expected at 31 July 2014 %	Value at 31 July 2014 £'000
Equities	6.5%	26,122	7.0%	23,835
Government Bonds	2.5%	5,998	3.2%	5,424
Other Bonds	3.6%	2,260	4.1%	911
Property	6.1%	3,738	6.2%	3,088
Cash/liquidity	0.5%	1,260	0.5%	1,742
Other	6.5%	4,086	7.0%	4,593
<b>Total Market Value of Assets</b>		<b>43,464</b>		<b>39,593</b>
Present value of liabilities		(58,300)		(51,517)
<b>Deficit in the scheme</b>		<b>(14,836)</b>		<b>(11,924)</b>

## Analysis of the amount charged to income and expenditure account

	2015 £'000	2014 £'000
Employer service cost (net of employee contributions)	1,042	1,163
Past service gain (FRS17 change in benefits)	-	-
<b>Total operating charge</b>	<b>1,042</b>	<b>1,163</b>
<b>Analysis of pension finance income/ (cost)</b>	<b>2015 £'000</b>	<b>2014 £'000</b>
Expected return on pension scheme assets	2,258	2,256
Interest on pension liabilities	(2,209)	(2,338)
<b>Pension finance income / (cost)</b>	<b>49</b>	<b>(82)</b>

## Notes to the Financial Statements (continued)

Year ended 31 July 2015

## 24. Pension and Similar Obligations (continued)

Amounts recognised in the statement of total recognised gains and losses (STRGL)

	2015 £'000	2014 £'000
Actuarial gains/(losses) on pension scheme assets	1,607	(1,077)
Actuarial gains/(losses) on scheme liabilities	(4,698)	2,928
	<hr/>	<hr/>
<b>Actuarial gain/(loss) recognised in STRGL</b>	<b>(3,091)</b>	<b>1,851</b>
	<hr/>	<hr/>

Movement in deficit during year

	2015 £'000	2014 £'000
Deficit in scheme at the beginning at 1 August	(11,924)	(13,532)
Movement in the year:		
Current service cost	(1,042)	(1,163)
Contributions	1,272	1,103
Curtailments	(100)	(101)
Net interest/return on assets	49	(82)
Actuarial gain	(3,091)	1,851
	<hr/>	<hr/>
<b>Deficit in the scheme at 31 July</b>	<b>(14,836)</b>	<b>(11,924)</b>
	<hr/>	<hr/>

History of experience gains and losses

	2015 £'000	2014 £'000	2013 £'000	2012 £'000	2011 £'000
Difference between the expected and the actual return on assets	1,607	(1,077)	3,745	(1,597)	1,299
% of scheme assets	3.7%	2.7%	9.8%	4.9%	4.1%
Experience gains and losses on scheme liabilities	(4,698)	(2,928)	1,028	2,438	(868)
% of scheme liabilities	8.1%	5.7%	2.0%	5.1%	2.0%
Total amount recognised in the STRGL	(3,091)	1,851	2,717	(4,035)	(2,167)
% of scheme liabilities	5.3%	3.6%	5.2%	8.4%	3.35%



## Notes to the Financial Statements (continued)

Year ended 31 July 2015

### 25. Reconciliation of Consolidated Operating Surplus/ Deficit to Net Cash Inflow/(Outflow) From Operating Activities

	2015 £'000	2014 £'000
Surplus/(Deficit) on continuing operations after depreciation of assets at valuation and disposal of fixed assets	277	(2,044)
Depreciation (note 12)	2,634	2,638
Deferred capital grants released to income (notes 1 and 4)	(1,641)	(1,619)
Loss on disposal of tangible fixed assets	1	-
Release of revaluation reserve re disposal	-	-
FRS17 pension cost less contribution payable (note 24)	(130)	161
FRS17 pension finance income (note 5)	(49)	-
Share of (profit)/deficit of associated companies	15	11
(Increase)/Decrease in stocks	(5)	3
(Decrease)/Increase in debtors	(273)	32
Increase/(Decrease) in creditors	(1,371)	272
Interest receivable (note 5)	(159)	(182)
Interest payable (Note 9)	579	689
Increase in provisions	(60)	-
<b>Net cash inflow/(outflow) from operating activities</b>	<b>(182)</b>	<b>(39)</b>

### 26. Analysis of Changes in Net Funds

	2014 £'000	Cashflows £'000	2015 £'000
Cash in hand, at bank	7,760	(3,597)	4,163
Current assets investments	540	(270)	270
Debts due after one year	(14,728)	3,256	(11,472)
Debts due within one year	(777)	(2,478)	(3,255)
<b>Total</b>	<b>(7,205)</b>	<b>(3,089)</b>	<b>(10,294)</b>

## Notes to the Financial Statements (continued)

Year ended 31 July 2015

## 27. Analysis of Cash Flows for Headings Netted in the Cash Flow Statement

	2015 £'000	2014 £'000
<b>Returns on investments and servicing of finance</b>		
Interest received	159	182
Interest paid	(579)	(607)
	<hr/>	<hr/>
<b>Net cash inflow from returns on investments and servicing of finance</b>	(420)	(425)
	<hr/>	<hr/>
<b>Capital expenditure and financial investment</b>		
Purchases of tangible fixed assets	(3,075)	(1,509)
Sale of tangible fixed assets	-	763
Deferred capital grants received	88	1,021
	<hr/>	<hr/>
<b>Net cash inflow from capital expenditure and financial investment</b>	(2,987)	275
	<hr/>	<hr/>
<b>Management of liquid resources</b>		
(Increase)/decrease in deposits	770	-
	<hr/>	<hr/>
	770	-
	<hr/>	<hr/>

## 28. Post Balance Sheet Events

Details of post-balance sheet events are given in the Report of the Members of the Corporation.

## 29. Capital Commitments

	Group and College	
	2015 £'000	2014 £'000
Commitments contracted for at 31 July 2015	1,353	4,217
	<hr/>	<hr/>

The capital commitment is in respect of the redevelopment of the Technology and Town Centre campuses.

## Notes to the Financial Statements (continued)

Year ended 31 July 2015

### 30. Financial Commitments

At 31 July 2015 the College had financial commitments as follows:

	Group and College	
	2015	2014
	£'000	£'000
<b>Land and buildings</b>		
Expiring between two and five years inclusive	-	-

At 31 July 2015 the College had annual commitments under non-cancellable operating leases as follows:

	Group and College	
	2015	2014
	£'000	£'000
<b>Other</b>		
Expiring between two and five years	66	66

### 32. Related Party Transactions

Due to the nature of the College's operations and the composition of the board of governors (being drawn from local public and private sector organisations) it is inevitable that transactions will take place with organisations in which a member of the board of governors may have an interest. All transactions involving organisations in which a member of the board of governors may have an interest are conducted at arm's length and in accordance with the college's financial regulations and normal procurement procedures. No transactions were identified which should be disclosed under Financial Reporting Standard 8 related party disclosures.

The College supplied its associated company with resources to the value of £171k during the year. All these were conducted at arm's length.

#### Sutton Academy

Sutton Academy is an academy school. Dr Jette Burford, College Principal, is Trustee and Chair of Governors at Sutton Academy. Brian Dean (Deputy Principal), Rob Molloy (Deputy Principal), Nick Gribben (Vice Principal), and Susan Gee (College Governor) act as Governors for Sutton Academy.

During the year St Helens College supplied Sutton Academy with:

Clerking Services to the value of £10k (2013/14 - £3k)

Finance Services to the value of £42k (2013/14 - £45k)

At 31 July 2015, Sutton Academy owed St Helens College £8k (2014: £10k) in respect of these services.



## Notes to the Financial Statements (continued)

Year ended 31 July 2015

### 33. Amounts disbursed as agent

#### Learner Support Funds

	2015 £'000	2014 £'000
Funding Body Grants	1,252	1,192
Disbursed to students	1,144	1,072
Administration	53	52
	1,197	1,124
Balance unspent at 31 July	55	68

Funding Body grants are available solely for students. In the majority of instances, the college only acts as a paying agent. In these circumstances, the grants and related disbursements are therefore excluded from the Income and Expenditure Account. The income and expenditure consolidated in the College's financial statements relates to the purchase of some equipment from the access fund and the payment of accommodation by the College on the student's behalf.

