

Financial statements Liverpool College

For the period ended 31 August 2013

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**Company No 00004466
Charity No 526682**

Company information

Company registration number	00004466
Registered charity number	526682
Registered office	Beechlands Liverpool College Mossley Hill Liverpool L18 8BG
President	The Rt Hon 19th Earl of Derby DL
Governors	Listed on page 3
Finance Manager	Mrs A Gemmell
Bursar, clerk to the governors and company secretary	Mr R Thompson
Treasurer	Mr J R Sumner FCA
Bankers	Barclays Bank plc 48b and 50 Lord Street Liverpool L2 1TD
Solicitors	Brabners LLP Horton House Exchange Flags Liverpool L2 3YL
Auditor	Grant Thornton UK LLP Statutory Auditor Chartered Accountants Royal Liver Building Liverpool L3 1PS

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Report of the governors

The governors, who are also the directors of the company, present their report together with the financial statements for the period ended 31 August 2013

Reference and administrative details of the charity, its trustees and advisers

Liverpool College was founded in 1840 and registered in 1869 under the Companies Act 1862 and is a company limited by guarantee. Liverpool College is a Registered Charity, number 526682. See details on page 1.

Change of accounting reference date

During the year the company extended its accounting reference date to 31 August 2013 extending this financial period to 13 months.

Structure, governance and management

The Memorandum and Articles of Association, revised in March 2002, clearly define delegation, responsibility and accountability whilst maintaining the objects as quoted below. Members of the Governing Body are the Trustees of the Liverpool College Charitable Foundation.

The directors all served on the Governing Body throughout the year, unless otherwise stated.

Mr I R Evans – Chairman	Dr N Kalakonda
Mr J R Sumner – Treasurer	Mr N A Rugg
Mrs M L Mason	Mr C E Thompson
Mr M G Jones – (Resigned 30 July 2013 and re-appointed 30 August 2013)	Mr B Wong (Resigned 15 October 2012)
Mr J D A Leith (Resigned 16 January 2013)	Lady S Newby
Dr H I Eccles	Mr P Swift

One third of the Governors retire from office each year and may stand for re-election at the Annual General Meeting.

The recruitment and appointment of new trustees is undertaken by the Nominations Committee which consists of the Chairman, the Deputy Chairman, a Governor and two Foundation members. Three meetings are held annually to review the existing skill set of the Governing Body and to find suitably qualified members. Recommendations for appointment are approved by the Governing Body and their names put forward for election at the AGM.

New trustees/directors are provided with the AGBIS handbook, a copy of the Articles of Association and Instrument of Governance. An induction is provided by the Clerk to the Governors followed by a tour of the campus, an opportunity to meet key staff and a lunch at which the Principal and the Chairman are in attendance.

The Audit and Compliance committee is responsible to the Governing Body for the oversight of all audit and compliance matters affecting the School. It meets three times a year and advises the Governing Body on the appointment of external and internal auditors, the effectiveness of the School's management control systems and arrangements for risk management.

Report of the governors

In 2009 governance of the school was reviewed by the present Governing Body with the assistance of an external consultant, and a solicitor with considerable experience of charity law, both of whom are Foundation Members. This has led to improved structures of governance. These changes continue to improve accountability and governor knowledge of and involvement in the school life and whole curriculum. The focus on governance in the last financial year has been conversion to Academy status.

Objectives and activities

The Charity is governed by its Memorandum and Articles of Association, which set out the prime object of the College as being:

"To provide for the inhabitants of Liverpool and others, by the establishment and maintenance of Lectures, School, and other like means, an education suited to their wants upon the most moderate terms, and for this purpose instruction in the doctrines and duties of Christianity, as taught by the Church of England, shall be forever communicated, in combination with literary, scientific, and commercial information

Provided nevertheless that no pupil shall be required as a condition of being admitted or remaining as a pupil, to attend or abstain from attending any Sunday School, place of worship, religious observance, or instruction in religious subjects in any school of the College or elsewhere "

Liverpool College is an independent coeducational school for pupils aged 3 - 18 years. It is a founder member of Headmasters' Conference (HMC) and in 1998 was approved by the Independent Association of Preparatory Schools (IAPS).

The College consists of two schools, a Preparatory School and an Upper School, located on a large campus in the leafy Mossley Hill suburb of south Liverpool. Both schools have their own Heads and Senior Management teams which report directly to the Principal who has overall responsibility.

The Governors, as is their remit, engaged throughout 2012-2013 in a rigorous review of strategy for the College. After extensive consultation, it was decided that the College should apply to the Secretary of State to become a voluntary high performing converter to academy status. The primary drivers of this decision were the opportunity to serve a larger number of pupils in Liverpool according to the objects of the charity. The Governors published an extensive document setting out their decision.

The Bursar and Finance Manager have day to day responsibility for the administration, financial management and maintenance of the College property and estates.

Liverpool College provides equal opportunities for all staff and pupils.

Achievements and performance

Public benefit

In 2009-2010, the Governors took major steps to comply with guidance of the Charity Commission relating to the advancement of education and public benefit when reviewing the aims and objectives in planning its future activities. The Governors confirm they continue to comply with this guidance.

There are no private or incidental benefits accruing to Governors.

Report of the governors

Fee remission

The school's scholarship and bursary policy is intended to direct resources to means-tested bursaries, rather than merit based scholarships. This has meant that means-tested bursaries have grown in number and size and will continue to grow as a percentage of fee remissions. The College is of the opinion that the vast majority of its current scholarships were historically awarded with a view to the financial needs of the pupils involved, and as such contribute to public benefit.

- i Means-tested bursaries (5.0% Gross Fees)
These apply to pupils, who would not otherwise be able to afford the College fees. There are a few students who have free places. Linked with our own bursary scheme, we also work closely with charitable trusts to widen access. The Wilton Trust helps those with short term financial difficulties.
- ii Scholarships (1.8% Gross Fees)
These are currently non-means tested. According to our new bursary and scholarship policy, they will diminish in number and size as pupils holding scholarships finish their education with us.
- iii We offer a range of scholarships, differing in value from £100 to 50% of the total annual fees. In addition to academic scholarships, we also offer scholarships for Art, Drama, Music & Sport.
- iv Other Remissions (3.1% Gross Fees)
A range of remissions of varying value are offered to teaching staff, members of the clergy and members of the armed forces.
- v The Governors introduced a policy that staff hired after September 2008 will be limited in the remission they receive to 10% and will need to qualify for further financial assistance through the means-tested bursary provision.

(Total remissions 9.9% Gross Fees)

Partnership projects

The College has a major partnership with the University of Liverpool as an Associate College of the University. The partnership includes a course in philosophy for Sixth Formers, Gifted and Talented provision in Classics, Sixth Form lectures, work experiences, access to scientific equipment and laboratories and lease arrangements. The College leases boarding facilities in Derby Old Court from the University.

We have a partnership with Academic Summer, a company which provides international academic courses in the summer to pupils from all over the world. Academic Summer uses Liverpool College as one of its campuses.

The University provides internships, instruction in minority subjects such as Classics, philosophy and Egyptology, and access to scientific laboratories and equipment to pupils and staff of the College.

As part of our preparation to become an Academy, we are engaged with several local schools and enterprises. We support St Vincent School for the Visually Impaired, and Redbridge Special School, providing volunteers and other resources.

In the Pre-Prep, the Parent Toddler Group meets every Wednesday in the Pre Prep hall. It consists of some parents of children in the school but also of mums and babies in the local area. It averages 15 children per session.

Report of the governors

The Football club is run by four coaches from IM Marsh Sports College/Sportslink. It averages 30 children, mainly from the Pre Prep, however there are a few from other schools

In the Prep School, local schools have been invited in to share facilities

Summer Clubs, run for children from the age of 4 to 8, are open to the local community, although the majority of the children who attend are pupils in the College

In the Upper School, we are in Initial Teacher Training Partnerships with Liverpool Hope University, Edge Hill University and Liverpool John Moores University (LJMU). We also host work experience placements through LJMU, e.g. in games

We will be continuing to work with The Penny Lane Development Trust to strengthen community links and raise funds for a youth centre for the local community

We are always prepared to be pro-active within our community and welcome enquiries to develop partnership projects in all areas

Liverpool College in the community

i Palm House Concert Series

This is a free concert series, staged in Sefton Park's restored Palm House and usually scheduled for Friday lunchtimes during College term-time. Now in its eleventh year, the series has built up a regular audience from the local community. Programmes cater for a wide variety of musical tastes, ranging from instrumental and vocal pieces from the classical repertoire to popular and traditional music as well as poetry. At Christmas, the College holds a Carol Concert in the Palm House which is programmed to include significant audience participation. The concerts have become especially popular with neighbouring care homes, and hospices, and a number of these transport their residents to the Palm House for every concert.

ii Community Service

The ethos of the College in the Community and as a Community itself is always 'to make a difference' and this is especially true of the twenty or so Year 12 and Year 13 students who regularly visit the beneficiaries of the UBS (Universal Beneficent Society) in the local Community. Their visits are treasured by all concerned.

The 'Choices' programme, including community and service strands, continues under the leadership of a trained coordinator.

The College is a Community in itself and the 'Paired Reading' and 'Peer Mentoring' schemes clearly make a difference to the junior and senior pupils alike.

Report of the governors

Liverpool College and charitable giving

The entire College supports charities every year

	£
Upper School pupils donations to charity	
Movember	137
Cancer Research	351
Children in Need	184
Jeans for Genes	812
The Royal British Legion	465
Sports Relief	272
	<hr/> 2,221
Prep School donations	
Zoe's Place	3,198
The Royal British Legion	100
Children in Need	450
Movember	250
	<hr/> 3,998
Pre Prep School donations	
Zoe's Place	204
Alder Hey	1,202
	<hr/> 1,406
Total collections	<hr/> <hr/> 7,625

Children brought in new toys which were then given to under-privileged children through Radio City toy appeal

Harvest Festival gifts were distributed by the South Liverpool Food Bank

The Shoebox Appeal sent 80 Christmas presents off to children in Africa

Educational public benefit

- 1 Language provision Our results in French and Spanish are very good at both GCSE and A level This is further reflected in our English Baccalaureate statistics which are significantly better than the national and local averages
- 11 Science provision at A Level, an area in decline in the maintained sector

We continue to run popular courses in all three major sciences, achieve results well above the national average and send a significant number of students to university to study pure sciences, medicine and engineering

Report of the governors

- iii Performing Arts
We are sector leaders in the performing arts, offering Art & Design, Theatre Studies and Music to Sixth Form. To encourage young musicians each year the Music Department organises a Junior Jazz Day at the College involving pupils from 6 local primary schools. The day involves workshops with professional jazz musicians and culminates in a performance of two specially commissioned pieces at Sefton Park's Palm House.
- iv Sport
Our facilities and commitment to sport help many schools, including many maintained schools in the city, build up and maintain their own sports programmes. Our rugby pitches are made available to Liverpool Collegiate Rugby Football club and to Liverpool and Sefton Cricket clubs on a regular basis. As a centre of sporting excellence, we support schools who wish to add sport to their offerings.
- v Several members of staff are examiners and assistant examiners for GCSE and A level papers. In addition, the Head of Preparatory School and the Head of Upper School serve as ISI inspectors.
- vi We are a hub school for the teaching of Classics to primary school pupils. Through our partnership with the University of Liverpool, we provide instruction in Greek, Latin and Egyptology to pupils from local state schools.

Miscellaneous

- i Holiday courses
We ran activity courses during the holidays, open to Pre Prep children, and last summer, in addition, we held a learning support reading and writing course in the Prep School.
- ii Facility hire
While our Sports Hall and Gym are managed as commercial concerns, we hire out our pitches, including a floodlit astro-turf pitch and two cricket squares, to local groups at heavily subsidised rates outside school hours.

Annual academic review

During the course of the period, the school began intense preparations for its conversion to academy status. We worked together with the Local Authority to establish a plan of school improvement and Ofsted compliance. We began attending subject meetings and established correct admission policies.

The interest in the school from the community was, throughout the period, overwhelming. At every level, the College is seriously oversubscribed.

The College is open to boys and girls, young men and women, from the ages of 3 to 18. The College provides a substantial bursary programme to support pupils who would not otherwise be able to afford the fees.

In February 2012, The College was inspected by the Independent School Inspectorate according to the framework set out by the Secretary of State for that purpose. In the 15 areas where judgments were made, we were found to be excellent, the highest judgment, in ten and good with excellent elements in the remaining five. The report of the inspection was published in early March 2012.

Report of the governors

Annual academic review - continued

The College is attractive to parents and pupils for a variety of reasons, depending on age, personality, abilities and interests. In stark contrast to many other schools we offer real continuity of education for the children we welcome into our community. A pupil joining us in Reception is guaranteed a place in the Preparatory School and, subsequently, acceptance into the Upper School – dependent, of course, on good behaviour. Parents with nursery age children like the very small group sizes, the excellent head start it gives their children, the caring and experienced staff and the stimulating environment. The fact that the nursery grant may be used to off-set the cost of private education is an added bonus.

From Reception through to the end of Key Stage 2 at 11, parents and pupils enjoy the small class sizes, the specialist teaching, the high expectations and the very extensive range of extra-curricular activities. The Preparatory School is particularly well-known for its careful screening for special needs, ensuring that children with specific difficulties are not allowed to slip through the net. The senior part of the College (11-18) achieves excellent examination results, often out-performing much more selective schools. Opportunities in sport, music and drama support the College's aim to educate the whole person. A number of students from other schools join the Sixth Form, seeing this as preparation for university. The confidence of our students is a result of the way in which they are challenged to be ambitious and daring both in and out of the classroom. This year, for example, Duke of Edinburgh Expeditions took place in the Peak District and Spain and there was a trip to South Africa.

In all parts of the College, the provision of pastoral care is excellent. Children are treated as individuals and the College is determinedly inclusive, building upon the secure foundation of its Christian principles but welcoming and enjoying the multi-faith process with parents, pupils and teachers working together to achieve common goals. From the outset, the very first enquiring phone call, parents are encouraged to feel part of the College community. There is a very active Parents' Society and parents are heavily involved in the College's extra-curricular programme. This year, through activities such as the Christmas Fayre and Summer Barbeque, the Society raised funds which benefited all sectors of the College.

The College undertook a comprehensive survey of parents, pupils and staff in the Autumn Term of 2012. The results of the survey were benchmarked against other similar independent schools. The College constituents rated the College highly and affirmed that they had experienced great improvements at the College in the past 12 months. This was further confirmed by the anonymous surveys conducted during the inspection in 2012.

Academic results for the academic year 2012/13 have again demonstrated high value-added scores, pupils at Liverpool College achieve very well in relation to ability. The results of standardised tests, such as MidYIS and ALIS from Durham University, are used extensively in target-setting and in the analysis of performance.

GCSE

This year's GCSE results, obtained by a mixed ability group of pupils who were equally represented in each ability band were once again well above the national average and in the top 20% of schools nationwide for both achievement and added value.

- 43% of grades were A* and A
- 89% - 5 GCSEs including English and Maths A*-C

A Level

We achieved 100% pass rate with 71% of all grades at A*-B and 43% of all grades were at A* or A, almost double the national average.

Report of the governors

Annual academic review - continued

Key Stage 2 Results. (SATS)

End of Key Stage 2 Test Results Summer 2013

Percentage of pupils gaining Level 4

English 100%

Maths 100%

Percentage of pupils gaining Level 5

English 63%

Maths 74%

Financial review

The Governing Body believe that the value of the College's tangible assets is materially in excess of the amount disclosed in the financial statements

Reserves policy

The Governors allocate reserves to promote the objects of the College as set out in the Memorandum and Articles of Association. Surpluses are generated to finance future investment. In previous years the Governors instigated plans which were designed to ensure a return to annual surpluses. This has been achieved both last year and this year. It is the Governors' aim to eradicate any short term overdraft requirements and then build cash reserves which would cover all the College's running costs for two months.

Grant making policy

When assisted places were phased out by the previous government, the College, recognising the benefit of providing education to the wider community, decided to provide a number of bursaries and scholarships to gifted and talented children whose parents would be unable to meet the full cost of fees. Presently approximately 9.9% of income is granted as remissions. Annually the Governing Body review the applications and recommendations of the Principal.

Risk management

The Trustees held a series of meetings to review the current risk management policies, put in place by the management, and their effectiveness. The report has been presented under the headings of Financial, Operational and Regulatory. The Governing Body reviews the risks and procedures regularly. The Audit and Compliance Committee monitors and reports to the Governing Body on issues relating to general risk throughout the College. In response to a recommendation by the Audit and Compliance Committee the College was accredited as an Investors in People organisation in June 2007.

Restricted fund

At 31 July 2012 the balance sheet showed a surplus of £92,620 which relates to the Liverpool College 1840 Foundation which consists of donations received for various building projects around the school.

During the period a further £31,294 of donations were received resulting in a surplus carried forward of £123,914 at 31 August 2013.

Report of the governors

Financial review - continued

Leslie Alexander fund

The Leslie Alexander fund represents a legacy received from the Estate of Leslie Alexander which has been transferred to a designated fund to be used as directed by the Governors for the sole benefit of the pupils of Liverpool College in accordance with the terms of the will

Plans for future periods

Following a comprehensive and intensive strategic review started in November 2011 to assess the future options for the development of Liverpool College, the Governors submitted a plan to the Department for Education to transition the College to Academy status beginning in 2013. This submission has been accepted by the Secretary of State.

The submission to the Department for Education includes an educational plan and vision for the College which the Governors and School Leadership believe will enhance and develop the education opportunities offered by the College for current and future pupils.

The Governors have received support in the decision from a wide range of stakeholders and individuals including:

Lord Derby, President of Liverpool College
Right Reverend James Jones, The Bishop of Liverpool and Visitor of Liverpool College
Sir Howard Newby, Vice-Chancellor of the University of Liverpool
Lord Hunt, the Patron of the Old Lerpooilans Society
Lord Andrew Adonis, former Parliamentary Under Secretary of State
Mr Stephen Twigg MP, Shadow Secretary of State for Education

Reasons for conversion

The Governors' decision to apply for Academy status flows from the two fundamental commitments they made in their strategic review:

- to ensure that the constitution of Liverpool College, its ethos, values, standards and charitable status are preserved
- to ensure that the resources and finances required to develop and deliver the College's strategy are available and committed over the required time period and that the College remains a viable and sustainable foundation and an educational establishment of excellence

Conversion to Academy status is the right decision because:

The Government's programme for educational change provides opportunities for independent schools to play an active part in the reform of education and curricula more generally, and specifically in improving educational opportunities for all, and developing educational models which lead to better outcomes for all pupils.

The Academies programme which promotes aspiration and attainment with a 'whole person' philosophy matches the mission, goals and aspirations of Liverpool College.

Report of the governors

Plans for future periods - continued

Building on its successes, Liverpool College must have a long term strategy for change in a rapidly changing world and challenging economic climate

Research has shown that the City of Liverpool has a real shortage of places in high performing schools. As an Academy, Liverpool College has the opportunity to expand to offer an increased number of pupil places

Demand for the type of education provided by Liverpool College is high but the number of Liverpool parents who can afford the fees is relatively low

Research has shown that the number of families able to afford the fees at Liverpool College is shrinking and is likely to continue to shrink in the future, thereby decreasing the demand for places at the College, while the demand and need for high quality education will continue

Benefits of conversion

Conversion to Academy status in September 2013 brings a wide range of benefits to pupils, parents, staff, stakeholders and the community

These include

The College will experience phased growth allowing many more pupils to enjoy the benefits of a College education

The College will be able to provide a much enhanced educational curriculum and programme in a sustainable financial model which will form the basis of future strategic development and innovation

Growth in numbers will be phased and managed with a maximum class size of 25

Conversion will enable us to extend and deepen close strategic partnerships with other educational institutions, especially the University of Liverpool

The College will move from 'fee to free'. No day pupil will pay fees to attend Liverpool College

A new secondary school structure of Middle and Upper School will provide a unique 'small school feel' and educational programme which makes better use of our campus

Pupils enrolled in 2012-2013 will automatically progress to the new Academy if they wish

A new Middle School (Years 7 to 9) on our campus will provide an enhanced lower secondary experience which better supports effective primary to secondary school transition

In addition to our current staff, new jobs will be created at the school over a five year period to allow for additional capacity

The breadth of the curriculum of the school will be enhanced by the introduction of new subjects, new qualifications, and new educational opportunities

The College will be able to introduce a new 14-19 'Upper School' programme which would better suit student aptitudes and preferred learning styles

Report of the governors

We will be able to offer a broader range of extra-curricular activities and integrate those activities into the mandatory school day

The target size of our classes would be a maximum of 25 pupils

Our already excellent parental links would be strengthened through a home/school agreement which sets out attendance, participation, behaviour and expectations to safeguard the ethos and mission of our school

We will continue our successful boarding programme with UK and EU Boarders required to pay only the residential fees for their education

The extensive extra-curricular programme will become part of the mandatory school day from Year 3 to Year 13

Governors' responsibilities for the financial statements

The governors (who are also directors of Liverpool College for the purposes of company law) are responsible for preparing the Report of the governors and the financial statements in accordance with applicable law and regulations

Company law requires the governors to prepare financial statements for each financial year. Under that law the governors have elected to prepare the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law). Under company law the governors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the charitable company and of the incoming resources and application of resources, including the income and expenditure, of the charitable company for that period.

In preparing these financial statements, the trustees are required to

- select suitable accounting policies and then apply them consistently,
- observe the methods and principles in the Charities SORP,
- make judgments and accounting estimates that are reasonable and prudent,
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the charitable company will continue in business.

The governors are responsible for keeping adequate accounting records that are sufficient to show and explain the charitable company's transactions and disclose with reasonable accuracy at any time the financial position of the charitable company and enable them to ensure that the financial statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the charitable company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

In so far as each of the governors is aware

- there is no relevant audit information of which the charitable company's auditor is unaware, and
- the governors have taken all steps that they ought to have taken to make themselves aware of any relevant audit information and to establish that the auditor is aware of that information.

Report of the governors

Auditor

Grant Thornton UK LLP offer themselves for reappointment as auditors in accordance with section 485 of the Companies Act 2006

Approved by the governors on 10 December 2013 and signed on their behalf by

A handwritten signature in black ink, appearing to read 'I R Evans', written in a cursive style.

Mr I R Evans
Chairman of Governors



Independent auditor's report to the members of Liverpool College

We have audited the financial statements of Liverpool College for the period ended 31 August 2013 which comprise the principal accounting policies, the statement of financial activities, summary income and expenditure account, balance sheet, cash flow statement and the related notes. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

This report is made solely to the charitable company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the charitable company's members 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 charitable company and its members as a body, for our audit work, for this report, or for the opinions we have formed.

Respective responsibilities of governors and auditor

As explained more fully in the Governors' responsibilities statement set out on page 14, the governors (who are also the directors of the charitable company for the purposes of company law) are responsible for the preparation of the financial statements and for being satisfied that they 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

A description of the scope of an audit of financial statements is provided on the APB's website at www.frc.org.uk/apb/scope/private.cfm

Opinion on financial statements

In our opinion the financial statements

- give a true and fair view of the state of the charitable company's affairs as at 31 August 2013 and of its incoming resources and application of resources, including the income and expenditure, for the period then ended,
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice, and
- have been prepared in accordance with the requirements of the Companies Act 2006.



Independent auditor's report to the members of Liverpool College (continued)

Opinion on other matter prescribed by the Companies Act 2006

In our opinion the information given in the Report of the governors for the financial period for which the financial statements are prepared is consistent with the financial statements

Matters on which we are required to report by exception

We have nothing to report in respect of the following matters where the Companies Act 2006 requires us to report to you if, in our opinion

- the charitable company has not kept proper and adequate accounting records or returns adequate for our audit have not been received from branches not visited by us, or
- the charitable company's financial statements are not in agreement with the accounting records and returns, or
- certain disclosures of governors remuneration specified by law are not made, or
- we have not received all the information and explanations we require for our audit

Grant Thornton we up

Carl Williams
Senior Statutory Auditor
for and on behalf of Grant Thornton UK LLP
Statutory Auditor, Chartered Accountants
Liverpool

11 December 2013

Principal accounting policies

Basis of preparation

The financial statements have been prepared under the historical cost convention, except that investments are shown at market value, and in accordance with applicable Accounting Standards in the United Kingdom, the Statement of Recommended Practice (SORP) "Accounting and Reporting by Charities (2005)" and the Companies Act 2006. A summary of the principal accounting policies, which have remained unchanged from the previous year except in respect of consolidation, is set out below.

Consolidation

As the company disposed of its only subsidiary undertaking during the year, group financial statements are not required. These financial statements therefore present the results and financial position of the company only.

Tangible fixed assets and depreciation

Tangible fixed assets are stated at cost, net of depreciation and any provision for impairment.

Depreciation is calculated to write down the cost of all tangible fixed assets other than land by equal annual instalments over their expected useful lives. The rates generally applicable are:

Freehold property	2%
Sports buildings/facilities	2% - 10%
Leased assets	Period of lease
Building improvements/furniture and equipment	5% - 33%
Motor vehicles	25% (reducing balance method)

Stocks

Stocks are valued at the lower of cost and net realisable value.

Voluntary income

Donations and gifts are included in the Statement of Financial Activities when the College becomes entitled to them and all pre-conditions have been met.

Tuition fees

Tuition fees and associated income are included in the Statement of Financial Activities in the period in which the income is earned.

Resources expended

All expenditure is accounted for on an accruals basis and has been classified under headings that aggregate all costs related to the category.

Governance costs

Governance costs represent the costs associated with the governance arrangements of the company and include the costs of external audit and other relevant professional services.

Principal accounting policies

Contributions to pension schemes

Defined Benefit Scheme

The company contributes to a defined benefit multi-employer pension scheme, and is thus unable to identify its share of the underlying assets and liabilities. In accordance with FRS 17 the charge for the period represents contributions payable to the scheme in respect of the accounting period.

Leases

The rental costs arising under the terms of operating leases are charged as expenses in the Statement of Financial Activities as they arise.

Assets held under finance leases have been capitalised and included within fixed assets. The interest cost is charged to the Statement of Financial Activities over the period of the agreement.

Income from investments

Investment income comprises dividends declared during the accounting period and interest receivable on listed and unlisted investments.

Unrestricted fund

The unrestricted fund represents the funds which provide the working capital of the Charity.

Restricted funds

The restricted funds represent the original capital sums together with the balance of income received for the relevant specific purposes, which had not been spent by the end of the financial period.

Designated funds

The designated funds represent funds set aside by the governors for specific purposes which had not been spent by the end of the financial period.

Endowed funds

Donations subject to specific wishes of the donor are allocated to relevant endowed or restricted funds.

Investment assets

External investments are stated at market value. Traded securities are valued at the mid-point quotation in the Stock Exchange Daily List.

The change in the market value gives rise to an unrealised gain or loss which is transferred to the respective funds.

Shares in subsidiary undertakings are stated at cost.

Statement of financial activities

	Notes	Unrestricted funds	Designated funds	Restricted funds	13 months ended 31 August 2013 Total	12 month ended 31 July 2012 Total
		£	£	£	£	£
Incoming resources						
Voluntary income	3	-	-	31,294	31,294	30,941
Incoming resources from generated funds	3	16,158	-	-	16,158	21,189
Activities for generating funds	1	6,383	-	-	6,383	1,312
Investment income	2	7,479,519	-	-	7,479,519	6,700,894
Incoming resources from charitable activities		7,502,060	-	31,294	7,533,354	6,754,336
Resources expended						
Costs of generating funds	4	7,498,869	-	-	7,498,869	6,678,435
Charitable activities	5	22,722	-	-	22,722	14,009
Governance costs		7,521,591	-	-	7,521,591	6,692,444
Net movement in funds		(19,531)	-	31,294	11,763	61,892
Balances brought forward at 1 August 2012		2,533,181	130,396	92,620	2,756,197	2,694,305
Balances carried forward at 31 August 2013		2,513,650	130,396	123,914	2,767,960	2,756,197

All of the company's activities are classed as discontinued

The accompanying accounting policies and notes form an integral part of these accounts

Summary income and expenditure account

	Note	13 months ended 31 August 2013 £	12 months ended 31 July 2012 £
Gross income		7,533,354	6,754,336
Total expenditure		(7,521,591)	(6,692,444)
Net income for the period	8	11,763	61,892

Detailed analyses of income by source and of expenditure are provided in the Statement of Financial Activities and the notes to the financial statements

The Income and Expenditure account is derived from the Statement of Financial Activities on page 19, which, together with the notes to the financial statements on pages 23 to 34, provides full information on the movements during the period of the funds of the company

Balance sheet

	Note	2013 £	2013 £	2012 £	2012 £
Fixed assets					
Tangible assets	10		5,012,902		5,098,367
Investments	11		-		52,491
			5,012,902		5,150,858
Current assets					
Stocks	12		-	6,524	
Debtors	13	138,021		496,958	
Cash at bank and in hand		1,294,222		1,400,932	
		1,432,243		1,904,414	
Creditors: amounts falling due within one year	14	(1,177,185)		(2,863,233)	
Net current assets/(liabilities)			255,058		(958,819)
Total assets less current liabilities			5,267,960		4,192,039
Creditors amounts falling due after more than one year	15		(2,500,000)		(1,435,842)
			2,767,960		2,756,197
Income funds					
Restricted fund	17		123,914		92,620
Unrestricted funds					
Designated funds - Leslie Alexander fund	17		130,396		130,396
Other charitable funds	17		2,513,650		2,533,181
Accumulated funds	17		2,767,960		2,756,197

The financial statements were approved by the Governors on 10 December 2013, and signed on their behalf by

Mr J R Sumner



Mr I R Evans



The accompanying accounting policies and notes form an integral part of these accounts

Cash flow statement

	Note	2013 £	2013 £	2012 £	2012 £
Net cash (outflow)/inflow from operating activities	19		(1,023,383)		785,071
Returns on investment and servicing of finance					
Dividends received		-		147	
Interest received		6,383		1,165	
Interest paid		(51,549)		(49,884)	
Finance lease interest paid		(3,115)		(2,879)	
			(48,281)		(51,451)
Capital expenditure					
Purchase of tangible fixed assets		(165,054)		(238,231)	
Net cash outflow from capital expenditure			(165,054)		(238,231)
Management of liquid resources					
Purchase of investments		-		(1,527)	
Disposal of investments		2,489		385,716	
Net cash inflow from management of liquid resources			2,489		384,189
Financing					
Repayment of capital element of finance leases		(31,642)		(29,305)	
New loan received		2,500,000		-	
Repayment of bank loan		(1,340,839)		(49,043)	
Net cash inflow/(outflow) from financing			1,127,519		(78,348)
(Decrease)/increase in cash	20		(106,710)		801,230

The accompanying accounting policies and notes form an integral part of these accounts

Notes to the financial statements

1 Investment income

	13 months ended 31 August 2013 £	12 months ended 31 July 2012 £
Income from UK listed investments	-	147
Bank and other interest	6,383	1,165
	<u>6,383</u>	<u>1,312</u>

2 Activities in the furtherance of objects

Fees can be analysed as follows

	13 months ended 31 August 2013 £	12 months ended 31 July 2012 £
Tuition fees	7,045,661	6,304,374
Dinners	433,858	396,520
	<u>7,479,519</u>	<u>6,700,894</u>

3 Activities for generating funds

	13 months ended 31 August 2013 £	12 months ended 31 July 2012 £
Asset rental and other income	16,158	21,189
	<u>£</u>	<u>£</u>
Voluntary income		
Donations received	<u>31,294</u>	<u>30,941</u>

Notes to the financial statements

4 Charitable activities

	13 months ended 31 August 2013 £	12 months ended 31 July 2012 £
Activities undertaken directly		
Teaching costs	3,371,218	3,414,134
Bursaries, grants and allowances	479,626	445,806
Support costs		
Catering	352,369	353,091
Premises	1,372,555	920,503
Administration of the school	1,548,673	1,421,567
Bad and doubtful debts (recovered)/charged	(19,546)	70,571
Interest payable	54,664	52,763
Costs of setting up academy	289,308	-
Write off of investment in subsidiary	50,002	-
	<u>7,498,869</u>	<u>6,678,435</u>

5 Governance costs

	13 months ended 31 August 2013 £	12 months ended 31 July 2012 £
Audit and accountancy fees		
Audit	13,750	11,700
Other	8,972	2,309
	<u>22,722</u>	<u>14,009</u>

6 Staff costs

Costs in the furtherance of objects include staff costs as follows

	13 months ended 31 August 2013 £	12 months ended 31 July 2012 £
Wages and salaries	3,516,381	3,564,398
Social security costs	277,035	286,757
Other pension contributions	376,580	380,403
	<u>4,169,996</u>	<u>4,231,558</u>
Average number of employees	<u>151</u>	<u>152</u>

Notes to the financial statements

6 Staff costs (continued)

The average number of employees within the various functions is as follows

	2013 Number	2012 Number
Teaching	90	91
Catering	6	8
Administration and support staff	34	32
Cleaning	21	21
	<u>151</u>	<u>152</u>

67 teachers employed by the college are members of the national Teachers Pension Scheme

The number of employees whose emoluments fell within the following range were

	2013 Number	2012 Number
£60,001 - £70,000	3	3
£120,001 - £130,000	<u>1</u>	<u>1</u>

The pension contributions paid to the above four (2012 four) employees amounted to £35,829
(2012 £35,829)

7 Interest payable and similar charges

	13 months ended 31 August 2013 £	12 months ended 31 July 2012 £
Bank loan and overdraft	51,549	49,884
Finance lease charges	<u>3,115</u>	<u>2,879</u>
	<u>54,664</u>	<u>52,763</u>

Notes to the financial statements

8 Net income

Net income is stated after charging

	13 months ended 31 August 2013 £	12 months ended 31 July 2012 £
Depreciation		
- owned assets	242,946	233,253
- assets held under finance leases	7,573	7,364
Auditors remuneration		
- audit services	13,750	11,700
- non-audit services	8,972	2,309
Operating lease rentals - land and buildings	127,834	58,400
- other	80,152	64,476

9 Taxation on ordinary activities

The company has been granted charitable status and is thus exempt from corporation tax

Notes to the financial statements

10 Tangible fixed assets

	Freehold property £	Sports buildings/ facilities £	Leased assets £	Building improvements /furniture and equipment £	Motor vehicles £	Total £
Cost						
At 1 August 2012	2,741,747	2,147,326	617,252	2,495,859	74,955	8,077,139
Additions	-	-	-	165,054	-	165,054
At 31 August 2013	<u>2,741,747</u>	<u>2,147,326</u>	<u>617,252</u>	<u>2,660,913</u>	<u>74,955</u>	<u>8,242,193</u>
Depreciation						
At 1 August 2012	713,020	668,914	617,252	911,669	67,917	2,978,772
Provided in the period	59,405	43,715	-	145,493	1,906	250,519
At 31 August 2013	<u>772,425</u>	<u>712,629</u>	<u>617,252</u>	<u>1,057,162</u>	<u>69,823</u>	<u>3,229,291</u>
Net book amount at 31 August 2013	<u>1,969,322</u>	<u>1,434,697</u>	<u>-</u>	<u>1,603,751</u>	<u>5,132</u>	<u>5,012,902</u>
Net book amount at 31 July 2012	<u>2,028,727</u>	<u>1,478,412</u>	<u>-</u>	<u>1,584,190</u>	<u>7,038</u>	<u>5,098,367</u>

All land and buildings owned by Liverpool College are included at original cost with the exception of the school chapel which was built in 1934 at a cost of £5,614 and was fully funded by donations

No land or buildings have been donated to the College

The figures stated above include assets held under finance leases and similar hire purchase contracts, as follows

	£
Net book amount at 31 August 2013	<u>118,252</u>
Net book amount at 31 July 2012	<u>125,825</u>
Depreciation charge for the period	<u>7,573</u>

All tangible fixed assets are held for use by the Charity, except that the sports facilities (an indoor sports hall and an all-weather floodlit sports pitch) are also available for external community lettings when not required for the educational purposes of the College

Notes to the financial statements

11 Fixed assets investments

	2013 £	2012 £
External investments at market value	-	2,489
Shares in subsidiary undertaking	-	50,002
	<u>-</u>	<u>52,491</u>

External investments

	Unrestricted charitable funds £	Total 2013 £	Total 2012 £
At cost			
At 1 August 2012	2,489	2,489	386,678
Additions	-	-	1,527
Disposals	(2,489)	(2,489)	(385,716)
At 31 August 2013	<u>-</u>	<u>-</u>	<u>2,489</u>
Represented by			
At cost			
Barclays Bank account	<u>-</u>	<u>-</u>	<u>2,489</u>

All external investments held by the group represent investments held on deposit with a UK Clearing Bank, and have been acquired in accordance with the powers available to the governors

During the period Liverpool College sold its investment in Liverpool College Enterprises Limited for £Nil

Notes to the financial statements

12 Stocks

	2013 £	2012 £
Stationery, canteen, first aid, marketing and ties stock	<u>-</u>	<u>6,524</u>

13 Debtors

	2013 £	2012 £
Fees debtors	33,189	211,174
Other debtors	58,142	94,253
Prepayments and accrued income	10,865	89,842
Amounts due from related undertaking	35,825	101,689
	<u>138,021</u>	<u>496,958</u>

Included in the above are the following amounts which are due after more than one year

	2013 £	2012 £
Other debtors	52,871	52,871
Amounts due from related undertaking	<u>35,825</u>	<u>101,689</u>

Notes to the financial statements

14 Creditors: amounts falling due within one year

	2013 £	2012 £
Bank loan	-	68,421
Trade creditors	143,533	63,683
Fees paid in advance	438,909	1,821,159
Social security and other taxes	80,779	79,628
Pension contributions	49,395	46,495
Finance leases	4,876	29,208
Other creditors	-	6,234
Enrolment fees	33,522	6,700
Other loans	-	125,000
Accruals and deferred income	426,171	616,705
	<u>1,177,185</u>	<u>2,863,233</u>

Accruals and deferred income includes £6,741 (2012 £350,273) relating to salaries

The bank loan was secured by a fixed charge over certain freehold property

Other loans related to a number of loans from individuals. The loans were unsecured and earned interest at 1.5% over the Bank of England base rate with a minimum rate of 5% per annum.

15 Creditors: amounts falling due after more than one year

	2013 £	2012 £
Other loan	2,500,000	-
Bank loan	-	1,147,418
Finance leases	-	7,310
Enrolment fees	-	281,114
	<u>2,500,000</u>	<u>1,435,842</u>

The other loan is secured by a fixed charge over certain freehold property and is repayable 12 months after the date on which the Funding Agreement between the Secretary of State for Education and the Academy terminates. Interest is payable at a rate of 4% above the Bank of England base rate between the termination date and the repayment date.

Finance leases are secured over the assets to which they relate.

Notes to the financial statements

16 Borrowings

These creditors are repayable as follows

	2013	2012
	£	£
Payable within one year		
Enrolment fees	33,522	6,700
Finance leases	4,876	29,208
Bank loans	-	68,421
Other loans	-	125,000
Between one and two years		
Enrolment fees	-	34,120
Finance leases	-	7,310
Bank loans	-	68,421
Between two and five years		
Enrolment fees	-	90,480
Bank loans	-	205,263
After more than five years		
Other loans	2,500,000	-
Enrolment fees	-	156,514
Bank loans	-	873,734
	<u>2,538,398</u>	<u>1,665,171</u>

17 Funds

	General fund	Leslie Alexander fund	Restricted fund	Total
	£	£	£	£
At 1 August 2012	2,533,181	130,396	92,620	2,756,197
Net income for the period	(19,531)	-	31,294	11,763
At 31 August 2013	<u>2,513,650</u>	<u>130,396</u>	<u>123,914</u>	<u>2,767,960</u>

The general fund and the Leslie Alexander fund are unrestricted

The Leslie Alexander fund is a designated fund to be used as directed by the Governors for the sole benefit of the pupils of the College

Restricted fund

The restricted fund relates to the Liverpool College 1840 Foundation which consists of donations received for various building projects around the school

Notes to the financial statements

18 Allocation of net assets

	Fixed assets £	Net current assets £	Long term liabilities £	2013 £	2012 £
Restricted funds	-	123,914	-	123,914	92,620
Unrestricted funds	5,012,902	131,144	(2,500,000)	2,644,046	2,933,887
	<u>5,012,902</u>	<u>255,058</u>	<u>(2,500,000)</u>	<u>2,767,960</u>	<u>2,756,197</u>

19 Reconciliation of net income to net cash (outflow)/inflow from operating activities

	2013 £	2012 £
Net income	11,763	61,892
Net interest	48,281	51,451
Depreciation	250,519	237,814
Decrease in stocks	6,524	-
Loss on disposal of investments	50,002	-
Decrease in debtors	358,937	49,286
(Decrease)/increase in creditors	(1,749,409)	384,628
Net cash (outflow)/inflow from operating activities	<u>(1,023,383)</u>	<u>785,071</u>

20 Reconciliation of net cash flow to movement in net funds/(debt)

	2013 £	2012 £
(Decrease)/increase in cash in the period	(106,710)	801,230
Cash outflow from finance leases	31,642	29,305
Cash outflow from financing	1,340,839	49,043
Other loan received	(2,500,000)	-
Movement in net debt in the period	<u>(1,234,229)</u>	<u>879,578</u>
Net funds at 1 August 2012	23,575	(856,003)
Net debt at 31 August 2013	<u>(1,210,654)</u>	<u>23,575</u>

Notes to the financial statements

21 Analysis of changes in net funds/(debt)

	At 1.8.2012 £	Cash flow £	At 31.8.2013 £
Cash at bank and in hand	1,400,932	(106,710)	1,294,222
Bank and other loans	(1,340,839)	1,340,839	-
Other loans	-	(2,500,000)	(2,500,000)
Finance leases	(36,518)	31,642	(4,876)
	<u>23,575</u>	<u>(1,234,229)</u>	<u>(1,210,654)</u>

22 Related party transactions

No governor or person connected with a governor has received remuneration or expenses from the company during the period or the prior year

Included within other debtors is a loan for £52,871 (2012 £52,871) due from the Principal of the School. The remaining loan is due for repayment on 1 December 2015.

During the period the company charged £15,000 (2012 £15,000) to its subsidiary undertaking in respect of equipment rental. The balance due to the company at 31 August 2013 is £35,825 (2012 £101,689).

23 Leasing commitments

Operating lease payments amounting to £180,354 (2012 £137,246) are due within the next 12 months. The leases to which those amounts relate expire as follows:

	Land and buildings 2013 £	Other 2013 £	Land and buildings 2012 £	Other 2012 £
In less than one year	-	1,722	-	-
Between one and two years	-	65,368	-	6,408
Between two and five years	-	7,896	-	72,438
Greater than five years	<u>105,368</u>	<u>-</u>	<u>58,400</u>	<u>-</u>

24 Capital commitments

The company had capital commitments of £Nil at 31 August 2013 (2012 £37,204).

25 Contingent liabilities

There were no contingent liabilities at 31 August 2013 or 31 July 2012.

Notes to the financial statements

26 Post balance sheet event

On 1 September 2013, the charity transferred the operation of the school to Liverpool College Independent School Trust (LCIST). LCIST is registered as a company limited by guarantee in England and Wales and is also a Registered Charity.

Management information

The following pages do not form part of the statutory unaudited financial statements