



# Financial statements Liverpool College

---

**For the year ended 31 July 2010**

WEDNESDAY



\*AEIGCP6T\*

A19

17/11/2010

258

COMPANIES HOUSE

**Company No 00004466  
Charity No 526682**

## Company information

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

## Index

	<b>Page</b>
<b>Report of the governors</b>	3 - 12
<b>Independent auditor's report</b>	13 - 14
<b>Principal accounting policies</b>	15 - 16
<b>Consolidated statement of financial activities</b>	17
<b>Consolidated summary income and expenditure account</b>	18
<b>Consolidated balance sheet</b>	19
<b>Company balance sheet</b>	20
<b>Consolidated cash flow statement</b>	21
<b>Notes to the financial statements</b>	22 - 34

## Report of the governors

The governors, who are also the directors of the company, present their report together with the financial statements for the year ended 2010

### **Reference and administrative details of the charity, its trustees and advisors**

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.

### **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 G N Wood QC - Chairman	Lady Indira Maddison
Mr J D Robertson - Deputy Chairman	Mrs M Mason
Mr J R Sumner – Treasurer	Dr A M Miller (Resigned 9 December 2009)
Mrs E J Bramley	Mr P H Taaffe
Mr M G Jones	Mr J R Clitherow (Appointed 9 December 2009
Mr J D A Leith	and resigned 3 February 2010)
Mr I N Lightbody	Mr B C Gaskill (Appointed 9 December 2009
Prof P N Love	and resigned 31 July 2010)

One third of the Governors retire from office each year and may stand for re-election at the Annual General Meeting. Four new Governors have been appointed subject to ratification at the Annual General Meeting, Mr I Evans, Mr B Wong, Mrs H Eccles, Mr N Rugg.

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 training course 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. At least one formal training session is provided to all Governors each year.

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.

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 Foundation Members. This has led to the implementation of improved structures of governance, including the establishment of a steering committee to assist the Principal and executive officers, and to improve communication with the

## Report of the governors

Governing Body and the institution of a scheme of liaison governors. These changes, it is hoped, will improve accountability and governor knowledge of and involvement in the school life and whole curriculum.

Liverpool College Enterprises is a trading company handling the management and letting of College resources to external organisations and paid members.

### **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 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.

There are no private or incidental benefits accruing to Governors.

#### **Fee remission**

In 2009, the Governors approved and publicised on the website and in promotional material a new scholarship and bursary policy. This 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. It is the stated goal that within 5

## Report of the governors

years the school will award at least 5% of its gross fees in means-tested bursaries, having ceased to award certain scholarships and having increased its bursary provision. 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 (2.5% Gross Fees)  
These apply to pupils, including some external candidates for places, 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 (3.2% 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.  
  
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 awards for Art, Drama, Music & Sport.
- iii Other Remissions (3.4% Gross Fees)  
A range of remissions of varying value are offered to teaching staff, members of the clergy and members of the armed forces.  
  
The Governors have 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 9.1% Gross Fees, compared to 8.8% in 2008-09)

### Partnership projects

The College has embarked on a major partnership with the University of Liverpool as an Associate College of the University. The partnership includes plans to share facilities, and a lease agreement to provide facilities to reintroduce boarding at the College has been achieved. The first boarders (6) were admitted in September 2010.

In addition, we are working with the University conference office to provide access to our classrooms during the summer to University conference attendees. 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.

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.

The Football club is run by three coaches from IM Marsh Sports College/ Sportslnx. It averages 15-20 children, mainly from the Pre Prep, however there are 2 from other schools.

In the Prep School, local schools have been invited in to share facilities and the soccer coaching expertise of the Liverpool FC Community Dept who run a weekly soccer club in the school. These coaches also use the College facilities to enable them to coach disabled youngsters.

## Report of the governors

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. 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 ninth 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. Each year the College also offers pupils from local primary schools a jazz workshop, organised by the Director of Music, which culminates in a concert at the Palm House in which all the pupils participate.

#### **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.

In September 2009 the new 'Choices' programme, including community and service strands, began 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.

### **Liverpool College and charitable giving**

The entire College supports charities every year.

In the Upper School, 3 charities – Help for Heroes, Disaster Emergency Committee and Fibromyalgia Association each received £1,620. £1,800 was raised for Haiti Earthquake Appeal & Haiti Hospital Appeal.

This year, the Prep School supported the charities, the NSPCC and Make a Wish, who organise special days out for children who are unwell. £7,270 was raised and split equally between these charities.

## Report of the governors

Gifts donated for our Harvest Festival were distributed by the Chaplain to the Missionaries of Charity, based in the city centre

There was a huge response to the Shoebox Appeal, which sent over 120 Christmas presents off to children in Kenya. There were also collections during the Christingles to support Claire House Children's Hospice. These collections raised £607.

Pupils in the Prep donated £500 to Chestnut Lodge Special School for children with complex physical and medical needs. The Heroes and Villains day, organised by the School Council, raised £353 for Children in Need. The Royal British Legion (Poppy Appeal) raised £238. A magnificent total of £2,052 was raised to support the people of Haiti following the earthquake.

Our charity in Pre Prep last year was Marie Curie. We raised £1,300 from sponsored events.

### **Educational public benefit**

In addition to the indisputable fact that we educate almost 750 children at no cost to the state, thereby saving at least £4 million to the Exchequer in the current year, we offer the following educational public benefits:

- i Language provision (inc. Italian and Latin at a time when languages are declining rapidly in the maintained sector). Our results in French and Spanish are very good at both GCSE and A level, significantly above the national average in every respect: number of entries, grades achieved, and value-added.
- ii 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.
- iii Performing Arts  
  
We are sector leaders in the performing arts, offering Theatre Studies, Music and Music Technology 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 on a regular basis.
- v Several members of staff are examiners and assistant examiners for GCSE and IB papers. In addition, the Head of Preparatory School and the Head of Upper School serve as ISI inspectors.
- vi The College offers the IB diploma, an internationally recognised qualification, which is not available in many schools in Merseyside.



## Report of the governors

### Miscellaneous

- 1        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
- 11       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

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.

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 Canada and there were trips to France and Australia.

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, May Ball and Summer Barbeque, the Society raised funds which benefited all sectors of the College.

## Report of the governors

The College undertook a comprehensive survey of parents, pupils and staff in the Summer Term of 2010. 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.

Academic results for the academic year 2009/10 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 were the best since 2004.

- 90.2% of all grades were A\*-C, up from 86.1% last year
- 47% of grades were A\* and A, up from 35% last year
- 31 out of 90 candidates achieved 7 A grades or higher
- 4 pupils achieved 9 A\* grades
- 2 pupils achieved 8 A\* grades and one 7 A\* grades

### **International Baccalaureate (IB) and A Level**

Because our pupils for the first time were entered for either the IB diploma or A Levels, the results need a little explanation.

#### **IB**

The College encouraged all pupils to undertake the IB, unlike other schools. There were 40 candidates, 80% obtaining the IB diploma, which is in line with the international average. Our average score as published by the IB and in league tables was 31 points, which is 413 UCAS points or A\* A\* A. 31 points is in line with similar established IB schools in the North West like Rossall and Rydal. When all IB scores are averaged, our average score was 29.1 or 362 UCAS points, equivalent to AAA at A Level.

#### **A Level**

Only 9 candidates presented for A Levels in a limited number of subjects: ICT, DT, Art, PE and Business Studies. Candidates achieved a 100% pass rate, with Art achieving 100% A\*-B grades.

#### **Aggregate**

The only way to present a complete picture of our Sixth Form performance is through UCAS points. The average number of points per pupil was 339, equivalent to AAB, a College record.

Some schools include general studies in their UCAS point statistics. In this instance, the UCAS point average for the College is without general studies.

We are making plans to build on this year's successes to improve pupil learning and examination performance at both IB and A Level.

## Report of the governors

### University matriculation

Of our 49 candidates, three did not register with UCAS for 2010 entry and three have withdrawn from UCAS because of a change in career ambition. 41 out of 43 (95%) have now obtained a place at their first or second choice university with 27 (61%) obtaining a place at their first choice.

There are notable academic achievements by any standard. Three pupils obtained their first choice medical course places at Nottingham, Birmingham and Keele respectively. One pupil achieved a rare three bonus points to earn his place to read philosophy and economics at Edinburgh, another earned his place to read Law at Manchester.

At Key Stage 2, it was decided that pupils should still take the end of key stage tests, but these papers were marked internally. 100% of entries in Science were awarded Level 4 or above, with 92% attaining at least Level 4 in Maths and 89% in English. 67% of pupils gained a level 5 in Science, while 46% gained Level 5 in Maths and 46% in English.

### 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.

### Liverpool College Enterprises

Enterprises is a non-charitable trading subsidiary which is principally engaged in the operation of a sports hall and sports facilities. These results show a surplus of £5,016 (2009 £9,704) and the balance sheet reflects the £56,857 loan from the charity. The Directors expect that the company will make a profit during the year to 31 July 2011. The Governing Body continue to monitor and review monthly management information and are satisfied with the progress to date. The Governors recognise the importance of the Sports Hall and sports facilities to Liverpool College.

### New bank loan

During the year a new bank loan was obtained in order to finance the refurbishment of the dining hall, kitchen facilities and science block.

### 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. The Governors have instigated plans which are designed to ensure a return to annual surpluses. 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 present 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

## Report of the governors

approximately 9.1% of income is granted as remissions. Annually the Governing Body review the applications and recommendations of the Principal.

### **Investment policy**

Funds are invested in M&G Charifund Income units and the trustees receive regular performance reports. It is our intention to retain a cautious approach to investment management avoiding any undue risk but to review the options annually seeking external professional advice when necessary. Investments are held to create income and capital growth pending utilisation as directed by the Governors in accordance with the Articles of Association of the College, or to match liabilities as appropriate.

### **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 review 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**

The balance sheet shows a deficit of £49,310 (2009 £49,310) which related to the cost of setting up and managing the swimming pool appeal. All activities in connection with this appeal have been temporarily suspended whilst the Governing Body reviews the future needs of the entire campus with a view to a major development plan.

### **Endowed funds**

Endowed funds represent donations from various individuals which are distributed in the form of scholarships, exhibitions and prizes, in accordance with their wishes.

### **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**

The Governing Body is committed to improving the facilities of the College.

Specifically, we have extensively refurbished our dining hall and science facilities this year. When funds permit, the biology lab will be refurbished and the surrounding area landscaped.

We are working on various new publications and communications with all our stakeholders. We have further plans to improve gifted and talented provision, further internationalise the educational experiences available to our students, and increase the quality and variety of our already extensive co-curricular programme.

## Report of the governors

### Governors' responsibilities for the financial statements

The governors 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 Accounting Standards (United Kingdom Generally Accepted Accounting Practice). The financial statements are required by law to give a true and fair view of the state of affairs of the group and the charity and of the profit or loss of the group for that period. In preparing these financial statements, the governors are required to

- select suitable accounting policies and then apply them consistently,
- make judgements and estimates that are reasonable and prudent,
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the group and the company will continue in business

The governors are responsible for keeping adequate accounting records that disclose with reasonable accuracy at any time the financial position of the group and the 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 group and the 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 group'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

### 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 8 November 2010 and signed on their behalf by



Mr Graham Wood QC  
Chairman of Governors



## Report of the independent auditors to the members of Liverpool College

We have audited the financial statements of Liverpool College for the year ended 31 July 2010 which comprise the principal accounting policies, the consolidated statement of financial activities, consolidated summary income and expenditure account, balance sheets, consolidated cash flow statement and related notes. These financial statements have been prepared under the accounting policies set out therein.

This report is made solely to the 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 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 company and the company's members as a body, for our audit work, for this report, or for the opinions we have formed.

### **Respective responsibilities of trustees and auditors**

The trustees' (who are also the directors of Liverpool College for the purposes of company law) responsibilities for preparing the Report of the Governors and the financial statements in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice) and for being satisfied that the financial statements give a true and fair view are set out in the Statement of Governors' Responsibilities.

Our responsibility is to audit the financial statements in accordance with relevant legal and regulatory requirements and International Standards on Auditing (UK and Ireland).

We report to you our opinion as to whether the financial statements give a true and fair view, have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice, and have been prepared in accordance with the Companies Act 2006. We also report to you whether the information given in the Report of Governors is consistent with those financial statements.

In addition we report to you if, in our opinion, the charitable company has not kept adequate accounting records, if the charitable company's financial statements are not in agreement with the accounting records and returns, if we have not received all the information and explanations we require for our audit, or if certain disclosures of trustees' remuneration specified by law are not made.

We read other information contained in the Report of the Governors and consider whether it is consistent with the audited financial statements. We consider the implications for our report if we become aware of any apparent misstatements or material inconsistencies with the financial statements. Our responsibilities do not extend to other information.

### **Basis of audit opinion**

We conducted our audit in accordance with International Standards on Auditing (UK and Ireland) issued by the Auditing Practices Board. An audit includes examination, on a test basis, of evidence relevant to the amounts and disclosures in the financial statements. It also includes an assessment of the significant estimates and judgements made by the trustees in the preparation of the financial statements, and of whether the accounting policies are appropriate to the charitable company's circumstances, consistently applied and adequately disclosed.

## Report of the independent auditors to the members of Liverpool College

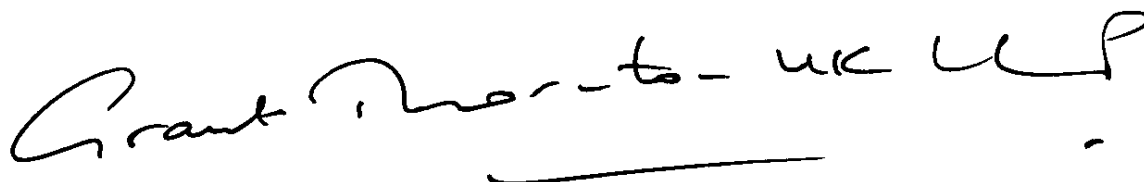
### **Basis of audit opinion (continued)**

We planned and performed our audit so as to obtain all the information and explanations which we considered necessary in order to provide us with sufficient evidence to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or other irregularity or error. In forming our opinion we also evaluated the overall adequacy of the presentation of information in the financial statements.

### **Opinion**

In our opinion

- the financial statements give a true and fair view of the state of the group's affairs and of the charitable company's affairs as at 31 July 2010 and of the group incoming resources and application of resources, including its income and expenditure, for the year then ended,
- the financial statements have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice,
- the financial statements have been prepared in accordance with the Companies Act 2006, and
- the information given in the Report of the Governors is consistent with the financial statements

A handwritten signature in black ink, appearing to read 'Grant Thornton UK LLP', with a horizontal line underneath.

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

8 November 2010

## 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 and 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, is set out below.

### Basis of consolidation

The group financial statements consolidate those of the charity and of its subsidiary undertaking (see note 12) drawn up to 31 July 2010. Profits or losses on intra group transactions are eliminated in full.

### 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 buildings	2%
Sports buildings/facilities	10% - 20%
Leased assets	Period of lease
Furniture and equipment	10% - 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 year 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 group and include the costs of external audit and other relevant professional services.



## Principal accounting policies

### **Contributions to pension schemes**

#### ***Defined Benefit Scheme***

The group 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 year 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 to provide for the working capital of the Charity.

### **Restricted and designated funds**

The restricted and designated 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 year.

### **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.

## Consolidated statement of financial activities

	Notes	Unrestricted funds £	Designated funds £	Non charitable funds £	Endowed funds £	Restricted funds £	Total 2010 £	Total 2009 £
<b>Incoming resources</b>								
Voluntary income	3	6,516	-	-	10,000	-	16,516	-
Incoming resources from generated funds								
Activities for generating funds	3	23,343	-	128,960	-	-	152,303	161,271
Investment income	1	1,251	-	-	18,567	-	19,818	28,400
Incoming resources from charitable activities	2	6,319,440	-	-	-	-	6,319,440	6,346,282
		6,350,550	-	128,960	28,567	-	6,508,077	6,535,953
<b>Resources expended</b>								
Costs of generating funds								
Fundraising trading	4	6,120,489	-	118,994	-	-	118,994	120,999
Cost of goods sold and other costs								
Charitable activities	5	20,798	-	4,950	20,000	-	6,140,489	6,849,730
Governance costs								
		6,141,287	-	123,944	20,000	-	6,285,231	6,995,843
<b>Net income/(outgoing) resources for the year</b>								
		209,263	-	5,016	8,567	-	222,846	(459,890)
<b>Gains/(losses) on revaluation of investments</b>								
		-	-	-	39,598	-	39,598	(83,377)
<b>Net movement in funds</b>								
		209,263	-	5,016	48,165	-	262,444	(543,267)
<b>Balances brought forward at 1 August 2009</b>								
		1,764,236	130,396	(129,513)	474,402	(49,310)	2,190,211	2,733,478
<b>Balances carried forward at 31 July 2010</b>								
		1,973,499	130,396	(124,497)	522,567	(49,310)	2,452,655	2,190,211

All of the group's activities are classed as continuing

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

## Consolidated summary income and expenditure account

	Note	2010 £	2009 £
<b>Gross income</b>		6,508,077	6,535,953
<b>Total expenditure</b>		(6,285,231)	(6,995,843)
<b>Net income/(expenditure) for the year</b>	8	<u>222,846</u>	<u>(459,890)</u>

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

Turnover of non-charitable trading activities amounted to £128,960 (2009 £135,053) A detailed analysis of the trading results is shown in note 8

The Summary Income and Expenditure account is derived from the Statement of Financial Activities on page 17, which, together with the notes to the financial statements on pages 22 to 34, provides full information on the movements during the year of the funds of the group

## Consolidated balance sheet

	Note	2010 £	2010 £	2009 £	2009 £
<b>Fixed assets</b>					
Tangible assets	11		4,674,152		4,211,556
Investments	12		355,742		316,144
			<u>5,029,894</u>		<u>4,527,700</u>
<b>Current assets</b>					
Stocks	13	6,524		6,524	
Debtors	14	526,458		561,054	
Cash at bank and in hand		<u>215,192</u>		<u>168,025</u>	
		748,174		735,603	
<b>Creditors, amounts falling due within one year</b>	15	<u>(2,241,449)</u>		<u>(2,382,765)</u>	
<b>Net current liabilities</b>			<u>(1,493,275)</u>		<u>(1,647,162)</u>
<b>Total assets less current liabilities</b>			3,536,619		2,880,538
<b>Creditors, amounts falling due after more than one year</b>	16		<u>(1,083,964)</u>		<u>(690,327)</u>
<b>Net assets</b>			<u>2,452,655</u>		<u>2,190,211</u>
<b>Capital funds</b>					
Endowed funds	17		522,567		474,402
<b>Income funds</b>					
Restricted funds	17		<u>(49,310)</u>		<u>(49,310)</u>
Unrestricted funds					
Designated funds - Leshe Alexander fund	17		130,396		130,396
Other charitable funds	17		1,973,499		1,764,236
Non-charitable trading funds	17		<u>(124,497)</u>		<u>(129,513)</u>
<b>Accumulated funds</b>	17		<u>2,452,655</u>		<u>2,190,211</u>

The financial statements were approved by the Governors on 8 November 2010, and signed on their behalf by

Mr J R Sumner



Mr G N Wood



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

## Company balance sheet

	Note	2010 £	2010 £	2009 £	2009 £
<b>Fixed assets</b>					
Tangible assets	11		4,659,100		4,202,731
Investments	12		405,744		366,146
			<u>5,064,844</u>		<u>4,568,877</u>
<b>Current assets</b>					
Stocks	13	6,524		6,524	
Debtors	14	553,825		579,216	
Cash at bank and in hand		<u>248,888</u>		<u>205,453</u>	
		809,237		791,193	
<b>Creditors amounts falling due within one year</b>	15	<u>(2,212,965)</u>		<u>(2,350,019)</u>	
<b>Net current liabilities</b>			<u>(1,403,728)</u>		<u>(1,558,826)</u>
<b>Total assets less current liabilities</b>			3,661,116		3,010,051
<b>Creditors: amounts falling due after more than one year</b>	16		<u>(1,083,964)</u>		<u>(690,327)</u>
			<u>2,577,152</u>		<u>2,319,724</u>
<b>Capital funds</b>					
Endowed funds	17		522,567		474,402
<b>Income funds</b>					
Restricted funds	17		(49,310)		(49,310)
Unrestricted funds					
Designated funds - Leslie Alexander fund	17		130,396		130,396
Other charitable funds	17		<u>1,973,499</u>		<u>1,764,236</u>
<b>Accumulated funds</b>	17		<u>2,577,152</u>		<u>2,319,724</u>

The financial statements were approved by the Governors on 8 November 2010, and signed on their behalf by

Mr J R Sumner



Mr G N Wood



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

## Consolidated cash flow statement

	Note	2010 £	2010 £	2009 £	2009 £
<b>Net cash inflow from operating activities</b>	19		327,836		193,684
<b>Returns on investment and servicing of finance</b>					
Dividends received		18,567		24,670	
Interest received		1,251		3,730	
Interest paid		(36,986)		(13,331)	
Finance lease interest paid		(1,860)		(2,770)	
			(19,028)		12,299
<b>Capital expenditure</b>					
Purchase of tangible fixed assets		(668,762)		(343,034)	
<b>Net cash outflow from capital expenditure</b>			(668,762)		(343,034)
<b>Management of liquid resources</b>					
Disposal of investments		-		66,352	
<b>Net cash inflow from management of liquid resources</b>			-		66,352
<b>Financing</b>					
Repayment of capital element of finance leases		(12,336)		(19,094)	
New bank loan		457,533		100,000	
Repayment of bank loan		(20,833)		(73,573)	
<b>Net cash inflow from financing</b>			424,364		7,333
<b>Increase/(decrease) in cash</b>	20		64,410		(63,366)

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

## Notes to the financial statements

### 1 Investment income

	2010 £	2009 £
Income from UK listed investments	18,567	24,670
Bank and other interest	1,251	3,730
	<u>19,818</u>	<u>28,400</u>

### 2 Activities in the furtherance of objects

Fees can be analysed as follows

	2010 £	2009 £
Tuition fees	5,908,336	5,926,934
Dinners	411,104	419,348
	<u>6,319,440</u>	<u>6,346,282</u>

### 3 Activities for generating funds

	2010 £	2009 £
Income generated by subsidiary undertaking	128,960	135,053
Other income	23,343	26,218
	<u>152,303</u>	<u>161,271</u>
	£	£

#### Voluntary income

Donations received	<u>16,516</u>	<u>-</u>
--------------------	---------------	----------

### 4 Charitable activities

	2010 £	2009 £
Activities undertaken directly		
Teaching costs	3,168,535	3,844,518
Bursaries, grants and allowances	343,430	339,847
Support costs		
Catering	367,405	442,641
Premises	798,763	828,865
Administration of the school	1,296,442	1,314,033
Exhibitions, scholarships and prizes	20,000	20,000
Bad and doubtful debts	107,068	43,725
Interest payable	38,846	16,101
	<u>6,140,489</u>	<u>6,849,730</u>

## Notes to the financial statements

### **5 Governance costs**

	2010 £	2009 £
Audit and accountancy fees		
Audit	18,400	17,700
Other	7,348	7,414
	<u>25,748</u>	<u>25,114</u>

### **6 Staff costs**

Costs in the furtherance of objects include staff costs as follows

	2010 £	2009 £
Wages and salaries	3,397,897	3,868,176
Social security costs	264,944	273,963
Other pension contributions	366,997	413,720
	<u>4,029,838</u>	<u>4,555,859</u>
 Average number of employees	 <u>149</u>	 <u>161</u>

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

	2010 Number	2009 Number
Teaching	85	94
Catering	8	8
Administration and support staff	34	35
Cleaning	22	24
	<u>149</u>	<u>161</u>

74 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

	2010 Number	2009 Number
£60,001 - £70,000	2	1
£120,001 - £130,000	<u>1</u>	<u>1</u>

The pension contributions paid to the above three (2009 two) employees amounted to £26,987 (2009 £26,791)



## Notes to the financial statements

### 7 Interest payable and similar charges

	2010 £	2009 £
Bank loans	36,986	13,331
Finance lease charges	1,860	2,770
	<u>38,846</u>	<u>16,101</u>

### 8 Net income

Net income is stated after charging

	2010 £	2009 £
Depreciation		
- owned assets	193,954	197,652
- assets held under finance leases	12,212	12,212
Auditors remuneration		
- audit services	18,400	17,700
- non-audit services	7,348	7,414
Operating lease rentals	<u>41,894</u>	<u>31,585</u>

The Charity has one wholly owned trading subsidiary which is incorporated in the United Kingdom. Liverpool College Enterprises Limited is engaged in the operation of a sports hall and sporting facilities for the benefit of Liverpool College and the local community.

Liverpool College Enterprises will covenant its taxable profits to the Charity, when the deficit on its reserves has been removed.

The subsidiary's profit and loss account can be summarised as follows

	2010 £	2009 £
Turnover	128,960	135,053
Administrative expenses	<u>(123,944)</u>	<u>(125,349)</u>
Profit for the year	<u>5,016</u>	<u>9,704</u>

### 9 Taxation on ordinary activities

The company has been granted charitable status and is thus exempt from corporation tax. The subsidiary undertaking does not have a tax liability due to the losses sustained to date.

## Notes to the financial statements

### **10 Net income for the financial year**

The parent undertaking has taken advantage of Section 408 of the Companies Act 2006 and has not included its own income and expenditure account in these financial statements

The group profit for the year includes a profit of £257,428 (2009 deficit £469,594) which is dealt with in the financial statements of the charity

### **11 Tangible fixed assets**

#### **The Group**

	<b>Freehold property £</b>	<b>Sports buildings/ facilities £</b>	<b>Leased assets £</b>	<b>Furniture and equipment £</b>	<b>Motor vehicles £</b>	<b>Total £</b>
<b>Cost</b>						
At 1 August 2009	2,741,747	2,147,326	617,252	1,001,511	74,955	6,582,791
Additions	-	-	-	668,762	-	668,762
At 31 July 2010	<u>2,741,747</u>	<u>2,147,326</u>	<u>617,252</u>	<u>1,670,273</u>	<u>74,955</u>	<u>7,251,553</u>
<b>Depreciation</b>						
At 1 August 2009	548,515	546,962	592,454	625,032	58,272	2,371,235
Provided in the year	54,835	41,249	12,212	93,699	4,171	206,166
At 31 July 2010	<u>603,350</u>	<u>588,211</u>	<u>604,666</u>	<u>718,731</u>	<u>62,443</u>	<u>2,577,401</u>
<b>Net book amount at 31 July 2010</b>	<u><b>2,138,397</b></u>	<u><b>1,559,115</b></u>	<u><b>12,586</b></u>	<u><b>951,542</b></u>	<u><b>12,512</b></u>	<u><b>4,674,152</b></u>
<b>Net book amount at 31 July 2009</b>	<u><b>2,193,232</b></u>	<u><b>1,600,364</b></u>	<u><b>24,798</b></u>	<u><b>376,479</b></u>	<u><b>16,683</b></u>	<u><b>4,211,556</b></u>

## Notes to the financial statements

### 11 Tangible fixed assets (continued)

#### The Company

	Freehold property £	Sports buildings/ facilities £	Leased assets £	Furniture and equipment £	Motor vehicles £	Total £
Cost						
At 1 August 2009	2,741,747	2,147,326	617,252	896,261	74,955	6,477,541
Additions	-	-	-	660,553	-	660,553
At 31 July 2010	<u>2,741,747</u>	<u>2,147,326</u>	<u>617,252</u>	<u>1,556,814</u>	<u>74,955</u>	<u>7,138,094</u>
Depreciation						
At 1 August 2009	548,515	546,962	592,454	528,607	58,272	2,274,810
Provided in the year	54,835	41,249	12,212	91,717	4,171	204,184
At 31 July 2010	<u>603,350</u>	<u>588,211</u>	<u>604,666</u>	<u>620,324</u>	<u>62,443</u>	<u>2,478,994</u>
Net book amount at 31 July 2010	<u>2,138,397</u>	<u>1,559,115</u>	<u>12,586</u>	<u>936,490</u>	<u>12,512</u>	<u>4,659,100</u>
Net book amount at 31 July 2009	<u>2,193,232</u>	<u>1,600,364</u>	<u>24,798</u>	<u>367,654</u>	<u>16,683</u>	<u>4,202,731</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 for the group and the company include assets held under finance leases and similar hire purchase contracts, as follows

The Group and the Company	Leased assets £
Net book amount at 31 July 2010	<u>12,582</u>
Net book amount at 31 July 2009	<u>24,795</u>
Depreciation charge for the year	<u>12,212</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

### 12 Fixed assets investments

	The Group		The Company	
	2010	2009	2010	2009
	£	£	£	£
External investments at market value	355,742	316,144	355,742	316,144
Shares in subsidiary undertaking	-	-	50,002	50,002
	<u>355,742</u>	<u>316,144</u>	<u>405,744</u>	<u>366,146</u>

#### External investments

	Enrolment fees	Endowment funds	Unrestricted charitable funds	Total 2010	Total 2009
	£	£	£	£	£
At cost					
At 1 August 2009	962	114,055	56,730	171,747	238,099
Disposals	-	-	-	-	(66,352)
At 31 July 2010	<u>962</u>	<u>114,055</u>	<u>56,730</u>	<u>171,747</u>	<u>171,747</u>
Represented by					
At cost					
Barclays Bank account	962	-	-	962	962
Strategic Retail Plc	-	-	56,730	56,730	56,730
M&G Charifund Income units	-	114,055	-	114,055	114,055
	<u>962</u>	<u>114,055</u>	<u>56,730</u>	<u>171,747</u>	<u>171,747</u>
At market value					
Barclays Bank account	962	-	-	962	962
M&G Charifund Income units	-	354,780	-	354,780	315,182
	<u>962</u>	<u>354,780</u>	<u>-</u>	<u>355,742</u>	<u>316,144</u>

## Notes to the financial statements

### 12 Fixed assets investments (continued)

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

#### Shares in subsidiary undertaking

	Country of incorporation	Nature of business	Class	Amount issued £	Proportion of share capital %
Liverpool College Enterprises Limited	England and Wales	Provision of sporting facilities	Ordinary	50,002	100

### 13 Stocks

#### The Group and the Company

	2010 £	2009 £
Stationery, canteen, first aid, marketing and ties stock	<u>6,524</u>	<u>6,524</u>

### 14 Debtors

	The Group		The Company	
	2010 £	2009 £	2010 £	2009 £
Fees debtors	324,437	412,130	324,437	412,130
Other debtors	139,151	116,766	109,661	112,080
Prepayments and accrued income	62,870	32,158	62,870	32,158
Amounts due from subsidiary undertaking	-	-	56,857	22,848
	<u>526,458</u>	<u>561,054</u>	<u>553,825</u>	<u>579,216</u>

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

	The Group		The Company	
	2010 £	2009 £	2010 £	2009 £
Other debtors	63,651	63,651	63,651	63,651
Amounts due from subsidiary undertaking	-	-	56,857	22,848

## Notes to the financial statements

### 15 Creditors: amounts falling due within one year

	The Group		The Company	
	2010	2009	2010	2009
	£	£	£	£
Bank loan and overdrafts	176,849	176,585	176,849	176,585
Trade creditors	65,984	161,114	65,984	161,114
Fees paid in advance	1,360,017	1,221,308	1,360,017	1,221,308
Social security and other taxes	80,944	94,441	80,944	92,287
Pension contributions	42,530	45,514	42,530	45,514
Finance leases	11,313	12,252	11,313	12,252
Other creditors	6,234	17,328	6,234	6,234
Enrolment fees	17,000	21,840	17,000	21,840
Accruals and deferred income	480,578	632,383	452,094	612,885
	<u>2,241,449</u>	<u>2,382,765</u>	<u>2,212,965</u>	<u>2,350,019</u>

Accruals and deferred income includes £335,826 (2009 £463,191) relating to salaries

The bank loan and overdrafts are secured by a fixed charge over certain freehold property

### 16 Creditors: amounts falling due after more than one year

	The Group and the Company	
	2010	2009
	£	£
Bank loan	844,364	425,170
Finance leases	-	11,397
Enrolment fees	239,600	227,760
Accruals	-	26,000
	<u>1,083,964</u>	<u>690,327</u>

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

The bank loan is being repaid over 20 years ending in 2029 Interest is paid at a rate of 3 15% pa above Barclays Bank Plc base rate

Finance leases are secured over the assets to which they relate

## Notes to the financial statements

### 16 Creditors: amounts falling due after more than one year (continued)

#### The Group and the Company

These creditors are repayable as follows

	2010 £	2009 £
Payable within one year		
Enrolment fees	17,000	21,840
Finance leases	11,313	12,252
Bank overdraft	142,047	159,289
Bank loans	34,802	17,296
Between one and two years		
Enrolment fees	32,480	36,160
Finance leases	-	11,397
Bank loans	36,071	51,372
Accruals	-	26,000
Between two and five years		
Enrolment fees	76,720	96,240
Bank loans	116,311	165,645
After more than five years		
Enrolment fees	130,400	95,360
Bank loans	691,982	208,153
	<u>1,289,126</u>	<u>901,004</u>

### 17 Funds

#### The Group

	General fund £	Leslie Alexander fund £	Non- charitable trading funds £	Endowed fund £	Restricted fund £	Total £
At 1 August 2009	1,764,236	130,396	(129,513)	474,402	(49,310)	2,190,211
Net income for the year	209,263	-	5,016	8,567	-	222,846
Unrealised profit on investments	-	-	-	39,598	-	39,598
At 31 July 2010	<u>1,973,499</u>	<u>130,396</u>	<u>(124,497)</u>	<u>522,567</u>	<u>(49,310)</u>	<u>2,452,655</u>

## Notes to the financial statements

### **17 Funds (continued)**

#### **The Company**

	<b>General fund</b>	<b>Leslie Alexander fund</b>	<b>Endowed fund</b>	<b>Restricted fund</b>	<b>Total</b>
	<b>£</b>	<b>£</b>	<b>£</b>	<b>£</b>	<b>£</b>
At 1 August 2009	1,764,236	130,396	474,402	(49,310)	2,319,724
Net income for the year	209,263	-	8,567	-	217,830
Unrealised profit on investments	-	-	39,598	-	39,598
At 31 July 2010	<b>1,973,499</b>	<b>130,396</b>	<b>522,567</b>	<b>(49,310)</b>	<b>2,577,152</b>

#### **The Group and the Company**

The endowed fund includes an unrealised gain of £240,725 (2009 £201,127)

The general fund includes an unrealised loss of £56,730 (2009 £56,730)

The endowed funds are as follows

Crowe Scholarship, Thomas Bate Scholarship, Hylton Madden Memorial Fund, Virginia Kineleyan Fund, The Old Pupils prize for English, Sampson Smith Exhibition, Tod Essay Prize, Verschoye Scholarship, War Memorial Scholarship Fund, Canning Exhibition, Colquitt Exhibition, Sir Hardman Earle Exhibition, The Gladstone Exhibition, McNeile Exhibition, Gladstone Essay, Foundation Scholarships, Liverpool College Boys School General Charitable Trust, Plumpton Scholarship exhibition

All of the endowed funds are for promoting education of children attending, or about to attend, Liverpool College

The general fund, Leslie Alexander fund and non-charitable trading funds 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

The non-charitable trading funds represent the trading results of the subsidiary undertaking

#### **Restricted fund**

The appeal related to the funding of the building of a swimming pool. This has been temporarily suspended. Further details are provided in the report of the Governors on page 11 of the financial statements



## Notes to the financial statements

### 18 Allocation of net assets

#### The Group

	Fixed assets £	Investments £	Net current assets/ (liabilities) £	Long term liabilities £	2010 £	2009 £
Endowed funds	-	354,780	167,787	-	522,567	474,402
Restricted funds	-	-	(49,310)	-	(49,310)	(49,310)
Unrestricted funds	4,674,152	962	(1,611,752)	(1,083,964)	1,979,398	1,765,119
	<u>4,674,152</u>	<u>355,742</u>	<u>(1,493,275)</u>	<u>(1,083,964)</u>	<u>2,452,655</u>	<u>2,190,211</u>

#### The Company

	Fixed assets £	Investments £	Net current assets/ (liabilities) £	Long term liabilities £	2010 £	2009 £
Endowed funds	-	354,780	167,787	-	522,567	474,402
Restricted funds	-	-	(49,310)	-	(49,310)	(49,310)
Unrestricted funds	4,659,100	50,964	(1,522,205)	(1,083,964)	2,103,895	1,894,632
	<u>4,659,100</u>	<u>405,744</u>	<u>(1,403,728)</u>	<u>(1,083,964)</u>	<u>2,577,152</u>	<u>2,319,724</u>

#### The Group and the Company

Endowed funds are represented by listed investments and cash at bank and in hand. The restricted funds are overdrawn due to the postponement and reassignment of the appeal.

### 19 Reconciliation of net income to net cash inflow from operating activities

	2010 £	2009 £
Net income/(expenditure)	222,846	(459,890)
Net interest	19,028	(12,299)
Depreciation	206,166	209,864
Decrease in debtors	34,596	41,432
(Decrease)/increase in creditors	(154,800)	414,577
Net cash inflow from operating activities	<u>327,836</u>	<u>193,684</u>

## Notes to the financial statements

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

	2010 £	2009 £
Increase/(decrease) in cash in the year	64,410	(63,366)
Cash outflow from finance leases	12,336	19,094
Cash outflow from financing	20,833	73,573
Change in net debt resulting from cash flows in the year	97,579	29,301
Bank loan received	(457,533)	(100,000)
Movement in net debt in the year	(359,954)	(70,699)
Net debt at 1 August 2009	(457,380)	(386,681)
Net debt at 31 July 2010	(817,334)	(457,380)

### 21 Analysis of changes in net (debt)/funds

	At 1.8.2009 £	Cash flow £	At 31.7.2010 £
Cash at bank and in hand, less overdraft	8,735	64,410	73,145
Bank loans	(442,466)	(436,700)	(879,166)
Finance leases	(23,649)	12,336	(11,313)
	(457,380)	(359,954)	(817,334)

### 22 Related party transactions

No governor or person connected with a governor has received remuneration or expenses from the group

The company is exempt from the requirements of FRS8 to disclose transactions with its subsidiary undertaking because consolidated accounts are produced

### 23 Leasing commitments

#### The Group and the Company

Operating lease payments amounting to £41,894 (2009 £41,873) are due within the next 12 months. The leases, which are in respect of assets other than land and buildings, to which those amounts relate expire as follows

	2010 £	2009 £
In less than one year	25,562	19,870
Between one and two years	16,332	22,003

## Notes to the financial statements

### **24 Capital commitments**

#### **The Group and the Company**

The group had capital commitments of £437,525 at 31 July 2010 (2009 £140,656)

The company had capital commitments of £422,135 at 31 July 2010 (2009 £140,656)

### **25 Contingent liabilities**

#### **The Group and the Company**

There were no contingent liabilities at 31 July 2010 or 31 July 2009

## Management information

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