

Unaudited Financial Statements Liverpool College

For the year ended 31 August 2015

Charity number: 526682



Registered number: 00004466

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Liverpool College
(A company limited by guarantee)

Reference and administrative details of the Charity, its Trustees and Advisers

For the year ended 31 August 2015

Trustees

Mr J D Robertson, Chairman
Mr I N Lightbody, Treasurer
Professor C Hubbard
G H Pybus (appointed 21 January 2015)
Mr K Siviter (appointed 21 January 2015)
Mr J Swift (appointed 21 January 2015)
Mr N A Moss (appointed 13 November 2015)

Company registered number

00004466

Charity registered number

526682

Registered office

Beechlands, Liverpool College, Mossley Hill, Liverpool, L18 8BG

Company secretary

Mr W R E L Thompson

President

The Rt Hon 19th Earl of Derby DL

Accountants

Grant Thornton UK LLP, Royal Liver Building, Liverpool, L3 1PS

Bankers

Barclays Bank plc, 48b and 50 Lord Street, Liverpool, L2 1TD

Solicitors

Brabners LLP, Horton House, Exchange Flags, Liverpool, L2 3YL

Trustees' Report

For the year ended 31 August 2015

Introduction

The Trustees, who are also the Directors of the Company for the purposes of the Companies Act, present their Annual Report together with the Financial Statements of Liverpool College (the Company) for the year ended 31st August 2015.

The Trustees confirm that the Annual Report and Financial Statements of the Company comply with the current statutory requirements, the requirements of the Company's Memorandum & Articles of Association and the provisions of the Statement of Recommended Practice (SORP) "Accounting and Reporting by Charities" issued by the Charity Commission in March 2005.

Liverpool College was founded in 1840 and registered in 1869 under the Companies Act 1862 and is a company limited by guarantee, No. 00004466. Liverpool College is a Registered Charity, No. 526682.

Liverpool College was opened by William Ewart Gladstone, the future Prime Minister, whose family were prime movers in the formation of the College and the definition of its objectives and motto:-

"Non Solum Ingenii Verum Etiam Virtutis"
"Not only the Intellect but also the Character"
based on "Sound Religion and Useful Learning"

In this Report, the Charity and the Company will be referred to as "the Foundation"

The company also trades under the names Liverpool College Foundation and Liverpool College International.

Structure, governance and management

The Memorandum and Articles of Association of the Foundation, established in 1869 and last revised in February 2014, is the Foundation's governing document and clearly defines delegation, responsibility and accountability in maintaining its Objects:-

"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."

The Board of Trustees is the governing body of the Foundation, elected by Foundation Members.

The recruitment and appointment of new Trustees is undertaken by the Board of Trustees. One third of the Trustees retire from office each year and may stand for re-election at the Annual General Meeting.

Trustees' Report (continued)

For the year ended 31 August 2015

There were no resignations of Trustees during the year and the following were appointed Trustees and Directors of the Foundation on 21st January 2015:-

GH Pybus
K Siviter
JN Swift

NA Moss was appointed a Trustee and Director on 13th November 2015 and his appointments will be submitted for election by Foundation Members at the forthcoming AGM.

Liverpool College Enterprises Limited is a trading company handling the management and letting of College resources to external organisations and paid members. During the previous year, the shares in this company were transferred to the Liverpool College Independent School Trust (The Academy) but the Objects of the company remained for the benefit of the Foundation until 4th August 2015 when the shareholders amended the Memorandum & Articles of Association of the company in favour of the Liverpool College Independent School Trust.

The Foundation owns and operates Liverpool College International, an International School and Boarding House. The Head of Liverpool College International reports directly to the Board of Trustees of the Foundation and is assisted by a School Committee, consisting of Trustees and other Foundation Members.

The Foundation provides equal opportunities for all staff and pupils.

The Foundation has ownership of the Freehold of all the Land and Buildings defined under the three Title Deeds which comprise the complete Mossley Hill estate.

On 1st September 2013, the Foundation's main school became an Academy formed under a separate Trust, the Liverpool College Independent School Trust, a Company and exempt Charity. The Academy is subject to a Funding Agreement between the Trust and the Secretary of State for Education, with a rolling seven year notice of termination by either party. Being separate Trusts and Corporate Entities, all relationships between the Foundation and the Academy are on an "arms-length" basis.

Pursuant to these arrangements, the Foundation entered into a number of Legal Agreements, which are now substantial determinates of its governance and management going forward. These legal commitments are described below.

In the light of all the above, the Foundation's structure, governance and management is now focused on the following prime areas:-

- The overall direction, organisation and management of the Foundation as a registered Charity and Limited Company under the terms of its Memorandum and Articles of Association
- The Foundation's covenant as Landlord under the terms of the Lease of its Freehold Land and Buildings to the Academy
- The management of its Financial Assets and Funds
- The operation of the International School and International Boarding House and the working relationship with the Academy in this regard
- The Foundation's obligations under all Legal Agreements and its relationships with the Academy

Trustees' Report (continued)

For the year ended 31 August 2015

The Foundation's legal commitments

The Foundation is committed to the following Legal arrangements:-

- An Agreement regarding the Discharge of the Debt arrangement between the Foundation and Barclays Bank, the institution of a re-placement grant from the Department for Education (DfE) to the Foundation, repayable within 12 months of the termination of the Funding Agreement between the Academy and the DfE, and the Security against this Loan obtained from the Foundation in favour of the DfE.
- The Legal Charge on the Freehold Property of the Foundation in favour of the DfE arising from the above Security commitment.
- Agreement regarding the Transfer Arrangements from the Foundation to The Academy covering Employees, Included Assets, the shares of Liverpool College Enterprises Ltd, Contracts, Employee and Pupil Records and the List of Excluded Assets.
- Agreement regarding the Lease of the Foundation's Land and Premises by the Academy at a peppercorn rent for a Term of 125 years, or on the earlier Termination of the Funding Agreement, and a Supplementary Agreement re the Use of the Land and Premises by the Academy. Under this Lease the Academy as the "The Tenant" is responsible for the full insurance, upkeep, repair and maintenance of all the land and buildings comprising the Estate.
- A Tri-partite Deed of Agreement between the DfE, the Academy and the Foundation regarding the Boarding of Academy Pupils at The Foundation's International Boarding House.

The Tri-partite Agreement has not been fully implemented as required by its terms and this may result in some financial adjustments being made between the Foundation and the Academy in the forthcoming financial year in respect of previous financial years.

Other Legal Agreements placing obligations on the Foundation and shaping the continuing relationship between the Foundation and the Academy are:-

- The Memorandum & Articles of Association of the Academy and the appointment of its Members and Governors.
- The Funding Agreement between the DfE and the Academy and a Deed of Variation regarding the schooling of the Foundation's Non-EU and Private EU pupils in its International School at the Academy.
- A Memorandum of Understanding with the Diocese of Liverpool regarding the classification of the Academy as a Church of England School.

Trustees' Report (continued)

For the year ended 31 August 2015

The Foundation has granted to the Academy the use and safekeeping of an inventory of Heirloom Assets, eg Trophies, Portraits, Pictures, Plaques, Honours Boards and Archives, which were excluded from the above Transfer Agreement. A formal Agreement to this effect has yet to be put in place.

The Foundation has also granted the Academy the right to use the Name and Insignia of Liverpool College within the terms of the Object as defined in The Academy's Memorandum and Articles of Association.

The Academy has granted the Foundation the use of the building South Lodge, held under the terms of the above Lease, for the operation of the Foundation's International School.

A number of Service Agreements between the Foundation and the Academy are being put in place where there are arrangements for sharing resources, supplies and services.

Separate from the arrangements occasioned by the establishment of the Academy, the Foundation has an Agreement with the University of Liverpool for the Lease of parts of Derby Hall, with an expiry in July 2020, providing the accommodation for its International Boarding House. This accommodation provides capacity for both the Foundation's pupils in its International School and the Academy's 6th Form pupils under an arrangement between the Academy and the DfE, whereby up to 30 pupils from EU Countries can be recruited and schooled by the Academy and boarded at the International Boarding House at cost.

Public benefit

The trustees have given due consideration to the Charity Commission's published guidance on the operation of the public benefit requirement.

The Foundation has contributed significantly to the establishment of the Academy with long-term on-going public benefit:-

- The grant of an 125 year Lease to the Academy on all its Land & Buildings, co-terminus with its Funding Agreement with the DfE, at a peppercorn rent, valued in the Academy's 2013-14 Accounts at £32m
- The gifting of Assets under the Transfer Agreement at a depreciated book value of £1.5m, in business value terms worth significantly more
- Expenditures of £289,000 incurred in the setting-up of the Academy
- The grant of the use of the Name and Insignia of Liverpool College
- The use and safekeeping of an inventory of Heirlooms

The Foundation, through the operation of its International School and International Boarding House, enables pupils at the Academy to experience relationships with pupils from other global cultures, as well as enabling an additional income stream to the Academy.

Activities of the Foundation in 2014/15

The work of the Trustees in this year has been focused in three key areas:-

- The Structure and Organisation of the Foundation reflecting the position post the formation of the Academy
- The Management of its Cash Assets and the establishment of an Educational Development Fund
- The creation of a Strategy and Business Plan for the International School and the International Boarding House, in collaboration with the Academy.

Trustees' Report (continued)

For the year ended 31 August 2015

The aim of this work has been to provide a firm platform for the Foundation and Trustees moving forward into the future. It is essential to get all the basics in place to achieve a properly organised, governed and managed Company and Charity, in fulfilment of its M&AA, in compliance with all its statutory and legal obligations and with appropriate management of risk. The effective management of Cash Assets and an Educational Development Fund and beginning the development of a clear business strategy for the International School are also important cornerstones as the Foundation moves forward.

a. Structure and Organisation of the Foundation

As forecast in last year's Trustees Report, significant voluntary and professional time and expertise has continued to be required to put all the essential arrangements properly in place. Whilst good progress has been made, priorities which have arisen during the year in other areas have meant that there is still detailed work to be completed.

Key actions in the year have been:-

- In order to strengthen its level of governance and deal with issues on a more timely basis, the Board of Trustees have met monthly with a very focused agenda and individual Trustees have been assigned specific remits:-
Chairman – John Robertson
Business Strategy and Planning – John Swift and Graham Pybus
Estates – Charles Hubbard
Treasury – Ian Lightbody, assisted by John Swift
Education and Liverpool College International - Ken Siviter
Administration – Ian Lightbody
The Board has sought to recruit a Trustee and Treasurer to replace Ian Lightbody who has indicated his intention to resign the Treasuryship at the forthcoming AGM. We are pleased to report that Nigel Moss, who has considerable experience in business management and accounting, has agreed to join the Board.
- Roles and Responsibilities have been defined covering all the roles involved in the operation of the Foundation
- Key point summaries of all Legal Agreements have been drafted to enable easier reference to legal requirements and compliance. Service Agreements have also been drafted.
- Management Accounts have been produced in a timely manner for consideration at each meeting of the Board of Trustees. The format of the Accounts has been amended to bring better understanding and management of profitability and cash flow geared to operational activity, particularly in relation to Liverpool College International.

b. The Management of Cash Assets and establishment of an Educational Development Fund

The Board of Trustees have decided to place all available cash resources, other than that required to be held as working cash, into an Educational Development Fund to be known as the 1840 Foundation Fund. This consolidated Fund will be put under investment management seeking both income and growth. A formal policy covering the governance and management of the Fund has been drafted for formal adoption by the Board of Trustees and the arrangements for investment management are currently being finalised. Some of the monies within the Fund will have been donated for a specific purpose and it will be the policy that such restrictions will be honoured through the on-going management of the Fund.

c. Strategy and Plan for Liverpool College International (LCI)

The work to date has been focused on getting a clearer understanding of some of the key issues involved in the operation of LCI, its market place and its value to the Academy and the Foundation.

Work is continuing to bring this together and, looking forward, to consider options for when the Lease of Derby Hall is due to expire in 2020. As the LCI pupil recruitment/education cycle covers 3 years, it is essential to begin a review of our intentions early in the forthcoming year.

Trustees' Report (continued)

For the year ended 31 August 2015

Performance and Achievements of Liverpool College International

With effect from September 2010, Liverpool College engaged in an initiative with the University of Liverpool to provide boarding facilities in Derby Hall for foreign students. The aim was to enable pupils at Liverpool College to experience relationships with pupils from other global cultures, to take up available 6th Form capacity and to increase levels of academic achievement.

When the College was accepted to become a state funded Academy with effect from September 2013, the Department for Education (DfE) made clear that the Boarding House programme could not be included within the Academy and a decision was made to continue this as an independent fee paying operation – Liverpool College International (LCI) within the Foundation.

As referenced above, the Derby Hall accommodation occupied by LCI is partly under a Lease and partly under a Rental Agreement with the University of Liverpool.

LCI now comprises an International School and an International Boarding House.

The School teaches pupils skills in English Language and iGCSEs courses in order to prepare and qualify them for 6th Form entry, with a view to subsequent University entrance. Successful pupils receive the Liverpool College International Diploma. The School also enrolls 6th Form pupils from Non-EU countries or private EU pupils who receive their schooling as an integral part of the Academy's 6th Form.

The Boarding House provides accommodation and tutoring within a very welcoming, lively and caring environment for international pupils of both the International School and the Academy.

Miss Colleen McCauley was appointed Head of Liverpool College International and Head of Boarding from September 2014 on the retirement of Mrs Liz Kendall.

The number of pupils at LCI in the Academic year 2014-15 was:-

Academy Pupils	33	(17 female and 16 male pupils)
LCI Pupils	8	(7 female and 1 male pupil)

giving a total of 41 Boarders.

Excellent examination results were achieved by the Boarders with 68% of the Year 13 Academy pupils gaining grades A* - B and going on to University destinations such as Exeter, Westminster, UCL and Manchester.

The LCI pupils achieved an outstanding 100% pass rate with 77% gaining A* - C, 100% A*-C in Biology and Chemistry and 83% A* - C in Maths.

On completion of one year at LCI, 4 of the 8 students have commenced a second year in LCI to do a combination of iGCSE and AS examinations. 3 students commenced a two year A Level course at the Academy and 1 student transferred to a 6th form in London.

The Academic year 2015-16 has started with a total of 42 Boarders, 32 in the Academy and 10 in LCI.

Trustees' Report (continued)

For the year ended 31 August 2015

Financial review

The Foundation made a surplus for the year ending 31st August 2015 of £13,200 (2014: deficit £2,048,011). The prior year was however subject to certain exceptional items of income and expense arising from the establishment of the Academy, as explained above, comprising (i) receipt of a grant of £2.5m from the DfE; (ii) the gifting of Assets under the Transfer Agreement at a depreciated book value of £1.5m; and (iii) an impairment charge of £3.2m arising from the grant of a lease of the Land & Buildings. Excluding these items the surplus for the prior year was £192,890.

The reduction in the Foundation's surplus before exceptional items has been due to lower levels of donations (2015 £41,623, 2104 £197,765) and of tuition and boarding fees (2015 £552,699, 2014 £584,652).

As at 31st August 2015 the Foundation's total funds across both restricted and unrestricted funds was £733,149, which were more than covered by cash resources. The Trustees consider this level of funds to be satisfactory.

Land & Buildings Valuation and Contingent Liability

On 31st July 2013 the Foundation granted to the Academy a lease of the whole circa 28 acre school campus and the buildings thereon comprising the school accommodation on what is effectively a full repairing and insuring lease at a peppercorn rent. Unless the Funding Agreement was to be terminated early the Foundation would not have possession of the campus until the expiry of 123 years. Accordingly, the Foundation's interest in the property comprising the campus in these accounts, following the grant of the lease, is valued at the discounted value of that reversionary right on the date of expiry. The initial valuation was therefore £232,000, and is subject to an annual release of the impairment charge.

Reserves policy

The Foundation aims to maintain in available cash coverage of 2 months of running costs. At the year end The Foundation held cash well in excess of this target.

Risk Management

The Foundation has inherited the Risk Assessment conducted prior to this year. A fresh assessment will be made as part of the Review which is referred to below.

Restricted Fund

The Fund of the 1840 Foundation is now held under the direct management of the Trustees for use for Educational Development. The 1840 Fund now stands at £198,125. During the current and prior year a very generous legacy was received from the Estate of George Macleod Ross (1911), an alumnus of Liverpool College who lived in Canada.

The Lesley Alexander Fund

This Fund, a very generous legacy from the Estate of Leslie Alexander, has been used to fund furnishings for the Hall within the New Mossley Vale Building.

Trustees' Report (continued)

For the year ended 31 August 2015

Plans for the future

The Board of Trustees in the next Financial Year will continue to be focused on two key areas:-

- Completion of the Review of the Structure and Organisation of The Foundation, putting in place all the essentials
- Determining the Strategy and Business Plans for the International School and the International Boarding House

Trustees' responsibilities statement

The Trustees (who are also directors of Liverpool College for the purposes of company law) are responsible for preparing the Trustees' report and the financial statements in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

Company law requires the Trustees to prepare financial statements for each financial year. Under company law the Trustees 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 operation.

The Trustees 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 preparing this report, the Trustees have taken advantage of the small companies exemptions provided by section 415A of the Companies Act 2006.

This report was approved by the Trustees on 7 December 2015 and signed on their behalf by:



Mr J D Robertson, Chairman

Independent Examiner's Report

For the year ended 31 August 2015

Independent Examiner's Report to the Trustees of Liverpool College

I report on the financial statements of Liverpool College for the year ended 31 August 2015 which are set out on pages 12 to 23.

This report is made solely to the company's Trustees, as a body, in accordance with section 154 of the Charities Act 2011. My work has been undertaken so that I might state to the company's Trustees those matters I am required to state to them in an Independent examiner's report and for no other purpose. To the fullest extent permitted by law, I do not accept or assume responsibility to anyone other than the company and the company's Trustees as a body, for my work or for this report.

Respective Responsibilities of Trustees and Examiner

The Trustees, who are also the directors of the company for the purposes of company law, are responsible for the preparation of the financial statements. The Trustees consider that an audit is not required for this year under section 144(2) of the Charities Act 2011 (the Act) and that an independent examination is needed. The company's gross income exceeded £250,000 and I am qualified to undertake the examination by being a qualified member of the Institute of Chartered Accountants in England and Wales.

Having satisfied myself that the company is not subject to audit under charity or company law and is eligible for independent examination, it is my responsibility to:

- examine the financial statements under section 145 of the Act;
- follow the procedures laid down in the general Directions given by the Charity Commission under section 145(5)(b) of the Act; and
- state whether particular matters have come to my attention.

Basis of Independent Examiner's Report

My examination was carried out in accordance with the general Directions given by the Charity Commission. An examination includes a review of the accounting records kept by the company and a comparison of the financial statements presented with those records. It also includes consideration of any unusual items or disclosures in the financial statements, and seeking explanations from you as Trustees concerning any such matters. The procedures undertaken do not provide all the evidence that would be required in an audit, and consequently no opinion is given as to whether the financial statements present a 'true and fair view' and the report is limited to those matters set out in the statement below.

Independent Examiner's Statement

In connection with my examination, no matter has come to my attention:

- (1) which gives me reasonable cause to believe that in any material respect the requirements:
 - to keep accounting records in accordance with section 386 of the Companies Act 2006; and
 - to prepare financial statements which accord with the accounting records and comply with the accounting requirements of section 396 of the Companies Act 2006 and with the methods and principles of the Statement of Recommended Practice: Accounting and Reporting by Charities have not been met; or

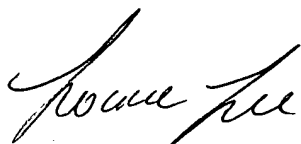
Liverpool College
(A company limited by guarantee)

Independent Examiner's Report (continued)

For the year ended 31 August 2015

- (2) to which, in my opinion, attention should be drawn in order to enable a proper understanding of the financial statements to be reached.

Signed:



Dated: 31 March 2016

Joanne Love ACA

Grant Thornton UK LLP
Chartered Accountants
Liverpool

Statement of Financial Activities

(Incorporating Income and Expenditure Account)

For the year ended 31 August 2015

	Note	Unrestricted funds 2015 £	Restricted funds 2015 £	Total funds 2015 £	Total funds 2014 £
Incoming resources					
Incoming resources from generated funds:					
Voluntary income	2	-	41,623	41,623	197,765
Investment income	3	1,163	-	1,163	1,245
Incoming resources from charitable activities	4	552,699	-	552,699	3,084,652
Total incoming resources		553,862	41,623	595,485	3,283,662
Resources expended					
Charitable activities	5	558,085	-	558,085	5,320,425
Governance costs	6	24,200	-	24,200	11,248
Total resources expended	8	582,285	-	582,285	5,331,673
Net incoming / (outgoing) resources before transfers		(28,423)	41,623	13,200	(2,048,011)
Transfers between Funds	15	(18,373)	18,373	-	-
Net movement in funds for the year		(46,796)	59,996	13,200	(2,048,011)
Total funds at 1 September 2014		398,270	321,679	719,949	2,767,960
Total funds at 31 August 2015		351,474	381,675	733,149	719,949

The notes on pages 14 to 23 form part of these financial statements.

Balance Sheet

As at 31 August 2015


	Note	£	2015 £	£	2014 £
Fixed assets					
Tangible assets	12		275,000		272,000
Current assets					
Debtors	13	80,745		112,647	
Cash at bank		1,044,290		1,014,145	
		<u>1,125,035</u>		<u>1,126,792</u>	
Creditors: amounts falling due within one year	14	(666,886)		(678,843)	
Net current assets			<u>458,149</u>		<u>447,949</u>
Total assets less current liabilities			<u><u>733,149</u></u>		<u><u>719,949</u></u>
Charity funds					
Unrestricted funds	15		351,474		398,270
Restricted funds	15		381,675		321,679
Total funds			<u><u>733,149</u></u>		<u><u>719,949</u></u>


The Trustees consider that the company is entitled to exemption from the requirement to have an audit under the provisions of section 477 of the Companies Act 2006 ("the Act") and members have not required the company to obtain an audit for the year in question in accordance with section 476 of the Act.

The Trustees acknowledge their responsibilities for complying with the requirements of the Companies Act 2006 with respect to accounting records and for preparing financial statements which give a true and fair view of the state of affairs of the company as at 31 August 2015 and of its net incoming resources for the year in accordance with the requirements of sections 394 and 395 of the Act and which otherwise comply with the requirements of the Companies Act 2006 relating to financial statements, so far as applicable to the company.

The financial statements have been prepared in accordance with the provisions applicable to small companies within Part 15 of the Companies Act 2006 and in accordance with the Financial Reporting Standard for Smaller Entities (effective April 2008).

The financial statements were approved by the Trustees on 7 December 2015 and signed on their behalf, by:


Mr J D Robertson, Chairman


Mr I N Lightbody, Treasurer

The notes on pages 14 to 23 form part of these financial statements.

Notes to the Financial Statements

For the year ended 31 August 2015

1. Accounting Policies

1.1 Basis of preparation of financial statements

The financial statements have been prepared under the historical cost convention, and in accordance with the Financial Reporting Standard for Smaller Entities (effective April 2008). The financial statements have been prepared in accordance with the Statement of Recommended Practice (SORP), 'Accounting and Reporting by Charities' published in March 2005 and the Companies Act 2006.

1.2 Company status

The company is a company limited by guarantee. The members of the company are the Trustees named on page 1. In the event of the company being wound up, the liability in respect of the guarantee is limited to £5 per member of the company.

1.3 Fund accounting

General funds are unrestricted funds which are available for use at the discretion of the Trustees in furtherance of the general objectives of the company and which have not been designated for other purposes.

Designated funds comprise unrestricted funds that have been set aside by the Trustees for particular purposes. The aim and use of each designated fund is set out in the notes to the financial statements.

Restricted funds are funds which are to be used in accordance with specific restrictions imposed by donors or which have been raised by the company for particular purposes. The costs of raising and administering such funds are charged against the specific fund. The aim and use of each restricted fund is set out in the notes to the financial statements.

1.4 Incoming resources

All incoming resources are included in the Statement of Financial Activities when the company has entitlement to the funds, certainty of receipt and the amount can be measured with sufficient reliability.

Voluntary income

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

Grants

Grants of a revenue nature are included in the Statement of Financial Activities once all conditions are 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.

Income from investments

Investment income comprises interest receivable from bank deposit accounts and other debtors.

Notes to the Financial Statements

For the year ended 31 August 2015

1. Accounting Policies (continued)

1.5 Resources expended

Expenditure is accounted for on an accruals basis and has been included under expense categories that aggregate all costs for allocation to activities. Where costs cannot be directly attributed to particular activities they have been allocated on a basis consistent with the use of the resources.

Support costs are those costs incurred directly in support of expenditure on the objects of the company. Governance costs are those incurred in connection with administration of the company and compliance with constitutional and statutory requirements.

1.6 Cash flow

The financial statements do not include a Cash flow statement because the company, as a small reporting entity, is exempt from the requirement to prepare such a statement under the Financial Reporting Standard for Smaller Entities (effective April 2008).

1.7 Tangible fixed assets and depreciation

Tangible fixed assets are stated at cost less depreciation and impairment. Depreciation is provided at rates calculated to write off the cost of fixed assets, less their estimated residual value, over their expected useful lives on the following bases:

Freehold property	-	2% straight line
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Heirlooms are not depreciated and are included at valuation.

1.8 Operating leases

Rentals under operating leases are charged to the Statement of Financial Activities on a straight line basis over the lease term.

Benefits received and receivable as an incentive to sign an operating lease are recognised on a straight line basis over the period until the date the rent is expected to be adjusted to the prevailing market rate.

1.9 Foreign currencies

Transactions in foreign currencies are translated into sterling at the rate ruling on the date of the transaction.

Exchange gains and losses are recognised in the Statement of Financial Activities.

Notes to the Financial Statements

For the year ended 31 August 2015

1. Accounting Policies (continued)

1.10 Pensions

The company operates a defined benefits pension scheme. The scheme is a multi-employer scheme where it is not possible, in the normal course of events, to identify on a consistent and reasonable basis, the share of underlying assets and liabilities belonging to individual participating employers. Therefore, as required by FRS17 'Retirement benefits', the company accounts for this scheme as if it was a defined contribution scheme. The amount charged to the Statement of Financial Activities represents contributions payable to the scheme in respect of the accounting period.

2. Voluntary income

	Unrestricted funds 2015 £	Restricted funds 2015 £	Total funds 2015 £	Total funds 2014 £
Donations	-	41,623	41,623	197,765

3. Investment income

	Unrestricted funds 2015 £	Restricted funds 2015 £	Total funds 2015 £	Total funds 2014 £
Bank and other interest	1,163	-	1,163	1,245

4. Incoming resources from charitable activities

	Unrestricted funds 2015 £	Restricted funds 2015 £	Total funds 2015 £	Total funds 2014 £
Grant received	-	-	-	2,500,000
Tuition and boarding fees	552,699	-	552,699	584,652
	552,699	-	552,699	3,084,652

Notes to the Financial Statements

For the year ended 31 August 2015

5. Expenditure by charitable activity

Summary by fund type

	Unrestricted funds 2015 £	Restricted funds 2015 £	Total funds 2015 £	Total funds 2014 £
Charitable activities	558,085	-	558,085	5,320,425

Summary by expenditure type

	Staff costs 2015 £	Support costs 2015 £	Total 2015 £	Total 2014 £
Charitable activities	141,377	416,708	558,085	5,320,425

6. Governance costs

	Unrestricted funds 2015 £	Restricted funds 2015 £	Total funds 2015 £	Total funds 2014 £
Accountancy costs	12,600	-	12,600	-
Auditors' remuneration - prior year	6,000	-	6,000	10,548
Auditors' non audit costs - prior year	5,600	-	5,600	700
	24,200	-	24,200	11,248

7. Support costs

	Charitable activities £	Total 2015 £	Total 2014 £
Catering	112,515	112,515	86,828
Premises maintenance	218,829	218,829	231,672
Administration of the school	109,052	109,052	135,535
Bad and doubtful debts recovered	(20,688)	(20,688)	(18,655)
Interest payable	-	-	561
Loss on disposal of tangible fixed assets (Impairment charge written back)/impairment of tangible fixed assets	- (3,000)	- (3,000)	1,568,882
	416,708	416,708	5,176,842

Notes to the Financial Statements

For the year ended 31 August 2015

8. Analysis of resources expended by expenditure type

	Staff costs 2015 £	Other costs 2015 £	Total 2015 £	Total 2014 £
Charitable activities	141,377	416,708	558,085	5,320,425
Governance costs	-	24,200	24,200	11,248
	<u>141,377</u>	<u>440,908</u>	<u>582,285</u>	<u>5,331,673</u>

9. Net incoming / (outgoing) resources

This is stated after charging:

	2015 £	2014 £
Auditor's remuneration	-	10,548
Pension costs	8,312	8,012
Operating lease rentals	<u>182,029</u>	<u>190,099</u>

During the year, no Trustees received any remuneration (2014 - £NIL).

During the year, no Trustees received any benefits in kind (2014 - £NIL).

4 Trustees received reimbursement of expenses amounting to £3,499 in the current year, (2014 - 1 Trustee - £280).

10. Staff costs

Staff costs were as follows:

	2015 £	2014 £
Wages and salaries	126,922	128,119
Social security costs	6,143	7,452
Other pension costs	8,312	8,012
	<u>141,377</u>	<u>143,583</u>

Notes to the Financial Statements

For the year ended 31 August 2015

10. Staff costs (continued)

2 teachers (2014: 2) employed by the company are members of the national Teachers Pension Scheme.

The Teachers' Pension Scheme (TPS) is a statutory, contributory, defined benefit scheme, governed by the Teachers' Pensions Regulations 2010, and, from 1 April 2014, by the Teachers' Pension Scheme Regulations 2014.

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

The average monthly number of employees during the year was as follows:

2015 No.	2014 No.
10	10

No employee received remuneration amounting to more than £60,000 in either year.

11. Taxation

Factors affecting tax charge for the year

The company has been granted charitable status and is thus exempt from corporation tax in respect of its charitable activities.

12. Tangible fixed assets

	Freehold property £	Heirlooms £	Total £
Cost			
At 1 September 2014 and 31 August 2015	4,889,073	40,000	4,929,073
Depreciation and impairment			
At 1 September 2014	4,657,073	-	4,657,073
Impairment charge written back	(3,000)	-	(3,000)
At 31 August 2015	4,654,073	-	4,654,073
Net book value			
At 31 August 2015	235,000	40,000	275,000
At 31 August 2014	232,000	40,000	272,000

Notes to the Financial Statements

For the year ended 31 August 2015

12. Tangible fixed assets (continued)

The impairment charge written back relate to the granting of a 125 year peppercorn lease to Liverpool College Independent School Trust. The value of the company's interest in the property represents the discounted value (using a discount rate of 4% and assuming no growth) of the reversionary right in 123 years (2014: 124 years). Freehold property includes sports buildings and facilities.

13. Debtors

	2015 £	2014 £
Due after more than one year		
Other debtors	-	58,561
Due within one year		
Other debtors	79,848	47,751
Prepayments and accrued income	897	6,335
	<u>80,745</u>	<u>112,647</u>

14. Creditors:

Amounts falling due within one year

	2015 £	2014 £
Trade creditors	1,500	2,440
Other taxation and social security	1,798	2,226
Fees paid in advance	353,247	291,712
Pension contributions due	1,168	1,289
Enrolment fees	60,710	55,177
Accruals	248,463	325,999
	<u>666,886</u>	<u>678,843</u>

Deferred income

At 1 September 2014	291,712
Resources deferred during the year	286,778
Amounts released from previous years	(225,243)
At 31 August 2015	<u>353,247</u>

Notes to the Financial Statements

For the year ended 31 August 2015

15. Statement of funds

	Brought Forward £	Incoming resources £	Resources Expended £	Transfers in/(out) £	Carried Forward £
Designated funds					
Leslie Alexander Fund	130,396	-	-	(130,396)	-
Education Development Fund	-	-	-	288,325	288,325
	<u>130,396</u>	<u>-</u>	<u>-</u>	<u>157,929</u>	<u>288,325</u>
General funds					
General Fund	267,874	553,862	(582,285)	(176,302)	63,149
Total Unrestricted funds	<u>398,270</u>	<u>553,862</u>	<u>(582,285)</u>	<u>(18,373)</u>	<u>351,474</u>
Restricted funds					
Liverpool College 1840 Foundation	321,679	41,623	-	18,373	381,675
Total of funds	<u>719,949</u>	<u>595,485</u>	<u>(582,285)</u>	<u>-</u>	<u>733,149</u>
Summary of funds					
	Brought Forward £	Incoming resources £	Resources Expended £	Transfers in/(out) £	Carried Forward £
Designated funds	130,396	-	-	157,929	288,325
General funds	267,874	553,862	(582,285)	(176,302)	63,149
	<u>398,270</u>	<u>553,862</u>	<u>(582,285)</u>	<u>(18,373)</u>	<u>351,474</u>
Restricted funds	321,679	41,623	-	18,373	381,675
	<u>719,949</u>	<u>595,485</u>	<u>(582,285)</u>	<u>-</u>	<u>733,149</u>

The general fund, the Leslie Alexander fund and Education Development Fund are unrestricted.

The Leslie Alexander fund is a designated fund to be used as directed by the Trustees for the sole benefit of the pupils of the college. The Leslie Alexander fund has been expended on various building projects and has now been released to general funds.

The Education Development Fund is to be invested for income and growth.

Restricted funds

The Liverpool College 1840 Foundation is for educational development. The transfer in of £18,373 represents funds received prior to the establishment of LCIST, which the Trustees have agreed to recognise as restricted monies in the Liverpool 1840 Foundation.

Notes to the Financial Statements

For the year ended 31 August 2015

15. Statement of funds (continued)

These funds comprise a number of historic donations and a legacy from G M Ross, amounting to £183,550. of which £33,637 was received in the current year and £149,913 in 2014. The detailed restrictions attached to these funds vary in nature.

16. Analysis of net assets between funds

	Unrestricted funds 2015 £	Restricted funds 2015 £	Total funds 2015 £	Total funds 2014 £
Tangible fixed assets	275,000	-	275,000	272,000
Debtors due after more than 1 year	-	-	-	58,561
Current assets	743,360	381,675	1,125,035	1,068,231
Creditors due within one year	(666,886)	-	(666,886)	(678,843)
	<u>351,474</u>	<u>381,675</u>	<u>733,149</u>	<u>719,949</u>

The Trustees propose to allocate an initial cash amount of £670,000, including the restricted funds, for investment in an income and growth fund.

17. Contingent liabilities

In July 2013 the company received £2,500,000 from the Departments for Education (DfE). The money is repayable in the event that the Funding Agreement between Liverpool College Independent School Trust and the DfE is terminated.

18. Capital commitments

The company had no capital commitments at 31 August 2015 or 31 August 2014.

19. Pension commitments

Included in creditors is £1,168 (2014: £1,289) outstanding due to the defined benefit multi-employer pension scheme. The total contribution made during the year was £8,312 (2014: £8,012).

Notes to the Financial Statements

For the year ended 31 August 2015

20. Operating lease commitments

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

	Land and buildings	
	2015	2014
	£	£
Expiry date:		
Between 2 and 5 years	142,044	-
After more than 5 years	-	137,947
	<u>142,044</u>	<u>137,947</u>

21. Related party transactions

Liverpool College Independent School Trust (LCIST)

The activities of the main school were transferred from the company to LCIST to operate an Academy from 1 September 2013.

Until 26 February 2014, the company and LCIST had certain trustees in common and LCIST was considered to be a related party of the company until this date.

During the previous year equipment and fixtures with a net book value of £1,568,882 were gifted by the company to LCIST.

The company granted a 125 lease of the whole school campus and the buildings thereon at a peppercorn rent. This has led to an impairment charge in the previous year of £3,172,019.

As a result of the above, the terms of the grant of £2,500,000 from the Department for Education have been satisfied and the grant was included within income in the previous year. The loan is repayable in the event that the funding agreement between LCIST and the Department for Education is terminated.

During the year costs of £25,495 (2014: £47,751) were paid by the company on behalf of LCIST. £26,977 (2014: £47,751) remained outstanding at the year end.

Included within other debtors is a loan for £52,871 (2014: £58,561) due from the Principal of the Academy. The loan was due for repayment on 1 December 2015 and is currently being re-negotiated.