

Annual Report and Financial statements Liverpool College

For the year ended 31 August 2014



**Company No 00004466
Charity No 526682**

Company information

Company registration number	00004466
Registered charity number	526682
Registered office	Beechlands Liverpool College Mossley Hill Liverpool L18 8BG
President	The Rt Hon 19th Earl of Derby DL
Trustees	Listed on page 3
Bursar, clerk to the trustees and company secretary	Mr R Thompson
Treasurer	Mr I N Lightbody
Finance manager	Mrs K Riley MAAT, MICB, CB Dip, PM Dip
Bankers	Barclays Bank plc 48b and 50 Lord Street Liverpool L2 1TD
Solicitors	Brabners LLP Horton House Exchange Flags Liverpool L2 3YL
Auditor	Grant Thornton UK LLP Statutory Auditor Chartered Accountants Royal Liver Building Liverpool L3 1PS

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Report of the trustees

The trustees, who are also the directors of the company, present their report together with the financial statements for the year ended 31 August 2014.

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

Liverpool College was founded in 1840 and registered in 1869 under the Companies Act 1862 and is a company limited by guarantee. Liverpool College is a Registered Charity, number 526682. See details on page 1. 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 Liverpool College, the Charity and company will be referred to as "The Foundation"

Structure, governance and management

The Memorandum and Articles of Association, revised in February 2014, clearly define delegation, responsibility and accountability whilst maintaining the objects as quoted below.

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

Appointed in year:	
Mr J D Robertson – Chairman	Professor C Hubbard
Mr I N Lightbody – Treasurer	
Resigned in year:	
Mr I R Evans – Chairman	Dr N Kalakonda
Mr J R Sumner – Treasurer	Mr N A Rugg
Mrs M L Mason	Mr C E Thompson
Mr M G Jones	Mr P Swift
Dr H I Eccles	

All appointments and resignations took place on 26 February 2014.

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

The recruitment and appointment of new trustees is undertaken by the board of trustees as a whole.

Induction is provided by the Clerk to the Trustees.

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 the company were transferred to the Liverpool College Independent School Trust (The Academy) but the Objects of the company have remained for the benefit of this Charity.

The Head of the International School and the International Boarding House 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.

Report of the trustees

Objectives and activities

The Foundation is governed by its Memorandum and Articles of Association, which set out the prime object of the Foundation 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."

On 1st September 2013, the activities of the main school were transferred to an Academy under a separate Trust, the Liverpool College Independent School Trust, a Charity and Company. 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.

The Foundation retained direct ownership of the Liverpool College International School (LCIS) and the International Boarding House (LCIBH).

The Foundation retains ownership of the Freehold of all the Land and Buildings defined under its three Title Deeds, including the New Mossley Vale Development.

Pursuant to this arrangement, The Foundation entered into a number of Legal Agreements, which now substantially shape its objectives and activities going forward:

- An Agreement regarding the Discharge of the Debt arrangement between The Foundation and Barclays Bank, the institution of a replacement interest free 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 Grant 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, 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.

Report of the trustees

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 this financial year.

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.
- 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.

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 transition of the main school to an Academy, The Foundation has an Agreement with the University of Liverpool for the Lease of parts of Derby Hall 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.

Significant voluntary and professional time and expertise has had to be expended in this financial year putting all the arrangements properly in place. Similar work and additional cost will be incurred in the forthcoming financial year in order to complete the task.

In terms of its activities The Foundation 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 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

Report of the trustees

Strategic report

The Strategic report includes Achievements and performance, financial review and plans for future years.

Achievements and performance

Public benefit

The Foundation has contributed significantly to the establishment of the Academy:-

- The grant of an 125 year Lease to the Academy on all its Land & Buildings, coterminous with its Funding Agreement with the DfE, at a peppercorn rent, valued in the Academy's 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 occurred in the previous financial year in relation to 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.

Academic review

From September 2010 the College engaged in an initiative with the University of Liverpool to provide boarding facilities in Derby Hall in order to recruit overseas pupils to increase numbers and improve quality in the sixth form years. Mrs Liz Kendall was appointed to be Head of this Boarding House.

When the college was accepted to become a state funded Academy it was made clear by the DfE 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.

Thus, Mrs Kendall was appointed Head of Liverpool College International from 1 September 2013 which now catered for a total of 32 boarders, some being in the Academy 6th forms and some on a year's pre A level course in the International School housed in South Lodge and taught by a separate group of teachers. The numbers were made up as follows, ten year 13, fourteen year 12 and eight on the LCI course. The EU/Non EU split being 14/10 in the Academy and in LCI the split being 3 EU and 5 non EU. The ten year 13 students produced a total of 18 A* As at A2 and destinations include the following Universities – Liverpool, Nottingham, Leicester, Warwick, Essex, Surrey, Bristol and two to Kings College London. A most commendable performance indeed.

Ten of year 12s were accepted into the final 6th form year and from the LCI year two moved into the Academy for AS year. A further two transferred to Liverpool John Moores University on a Foundation Course. The remainder chose to transfer to other 6th form opportunities elsewhere. The LCI group were awarded a total of 23 A*Bs.

It had been accepted at the start of this academic year that Mrs Kendall would retire in August. The Governors of LCI were pleased to appoint Ms Colleen McCauley to be Head of LCI and Boarding with effect from 1 September 2014. The year started with a total of 41 boarders.

Report of the trustees

Financial review

Net deficit for the year

The net deficit for the year is after charging/crediting the following items:

Transfer of assets to Academy £1,568,000

Impairment of property following granting of lease to Academy £3,172,000

Release of Grant received from DfE (£2,500,000)

The surplus before these items amounted to £193,000.

Reversionary Land Value

On the 31st July 2013 the Foundation granted to the Liverpool College Independent School Trust (LCIST – the New 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 were to be terminated early the Foundation will not have possession of the campus until the expiry of 124 years. Hence the value of the Foundation's interest in the property comprising the campus in these accounts, following the grant of the lease, is simply the discounted value of that reversionary right in 124 years time, estimated at £232,000.

Early Termination and Grant Repayment

As part of the agreement to establish the LCIST, and under a Discharge Agreement dated 31st July 2013, a Grant of £2.5 million was made by the Department for Education (DfE) to the Foundation to be used to discharge the then bank overdraft to the school which had been incurred for operational purposes, which was done. Should the Funding Agreement for the operation of the school by the LCIST be terminated before the end of the lease term, and no replacement Funding Agreement be put in its place, then there would be a contingent liability on the Foundation to repay that Grant to the DfE within one year. This is assumed by the Trustees to be a most unlikely event but should such occur the lease would also be terminated and the Foundation would hold the very valuable freehold interest in the school campus with vacant possession, together with any dilapidations claim (if appropriate) against the LCIST, which would provide more than adequate resources to meet any such Grant repayment obligation. The Trustees therefore consider that as early termination is very unlikely and would be most likely to leave the Foundation in a strong financial position and able to dispose of all or part of the campus there is no need for any specific cash sum provision for this contingent liability to be put into the Foundation accounts.

Balance Between Pre and Post July 2013 Position

The Trustees consider that the loss of the benefit of the operational freehold campus with possession, reflected in the previous year's accounts, is fairly balanced by the Foundation having benefitted from the Grant to repay the Bank overdraft of £2.5 million, and thereby having reduced its debt, together with the reversionary value to the campus retained and also without the ongoing day to day operational, repair and maintenance cost and risk obligations of operating the school and its campus. All these obligations have of course been taken on by LCIST under the agreements for up to another 124 years.

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.

Report of the trustees

Financial review - continued

Restricted fund

The Fund of the 1840 Foundation is now held under the direct management of the Trustees for use for Educational Development. During the year a very generous legacy was received from the Estate of George Macleod Ross (1911), an Old Lerpooian who lived in Canada. Total donations for the year were £197,765. The fund has now stands at £321,679.

Leslie Alexander fund

This Fund, a very generous legacy from the Estate of Leslie Alexander, amounts to £130,396.

Key Performance Indicators

Key Performance Indicators are set out above and related to Academic results, the operating result and the level of reserves.

Plans for future years

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

- A Review of the Structure and Organisation of The Foundation in the light of the new order of things post the transition of the main school to an Academy
- A Review of the Direction and creation of Strategies for the International School and the International Boarding House

Trustees' responsibilities for the financial statements

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

Company law requires the trustees to prepare financial statements for each financial year. Under that law the trustees have elected to prepare the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law). Under company law the 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 year.

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;
- state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the charitable company will continue in business.

Report of the trustees

Trustees' responsibilities for the financial statements - continued

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.

The Trustees confirm that:

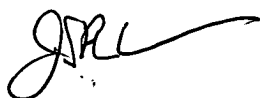
- so far as each trustee is aware there is no relevant audit information of which the charitable company's auditor is unaware; and
- the trustees have taken all steps that they ought to have taken to make themselves aware of any relevant audit information and to establish that the auditor is aware of that information.

The trustees are responsible for the maintenance and integrity of the corporate and financial information included on the company's website. Legislation in the United Kingdom governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

Auditor

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

The report of the Trustees, incorporating a Strategic Report, was approved by the trustees on 21 January 2015 and signed on their behalf by:



J D Robertson
Chairman of Trustees



Independent auditor's report to the members of Liverpool College

We have audited the financial statements of Liverpool College for the year ended 31 August 2014 which comprise the principal accounting policies, the statement of financial activities, summary income and expenditure account, balance sheet, cash flow statement and the related notes. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

This report is made solely to the charitable company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the charitable company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the charitable company and its members as a body, for our audit work, for this report, or for the opinions we have formed.

Respective responsibilities of trustees and auditor

As explained more fully in the Trustees' responsibilities statement set out on pages 8 and 9, the trustees (who are also the directors of the charitable company for the purposes of company law) are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view.

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

Scope of the audit of the financial statements

A description of the scope of an audit of financial statements is provided on the Financial Reporting Council's website at www.frc.org.uk/auditscopeukprivate.

Opinion on financial statements

In our opinion the financial statements:

- give a true and fair view of the state of the charitable company's affairs as at 31 August 2014 and of its incoming resources and application of resources, including the income and expenditure, for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.



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

Opinion on other matter prescribed by the Companies Act 2006

In our opinion the information given in the Report of the trustees (incorporating the Strategic Report) for the financial year for which the financial statements are prepared is consistent with the financial statements.

Matters on which we are required to report by exception

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

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

Grant Thornton UK LLP

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

21 January 2015

Principal accounting policies

Basis of preparation

The financial statements have been prepared under the historical cost convention and in accordance with applicable Accounting Standards in the United Kingdom, the Statement of Recommended Practice (SORP) "Accounting and Reporting by Charities (2005)" and the Companies Act 2006. A summary of the principal accounting policies is set out below.

Tangible fixed assets and depreciation

Tangible fixed assets are stated at cost, net of depreciation and any provision for impairment. Impairment is calculated by measuring recoverable amounts in accordance with FRS11 "Impairment of fixed assets and goodwill" at the higher of value in use and net realisable value.

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

Freehold property	2%
Sports buildings/facilities	2% - 10%
Building improvements/furniture and equipment	5% - 33%

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.

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.

Resources expended

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

Governance costs

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

Contributions to pension schemes

Defined Benefit Scheme

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

Principal accounting policies

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 year of the agreement.

Income from investments

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

Unrestricted fund

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

Restricted funds

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

Designated funds

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

Statement of financial activities

	Notes	Unrestricted funds	Designated funds	Restricted funds	2014 Total	13 months ended 31 August 2013 Total
		£	£	£	£	£
Incoming resources						
Voluntary income	3	-	-	197,765	197,765	31,294
Incoming resources from generated funds						
Activities for generating funds	3	-	-	-	-	16,158
Investment income	1	1,245	-	-	1,245	6,383
Incoming resources from charitable activities	2	3,084,652	-	-	3,084,652	7,479,519
		<u>3,085,897</u>	<u>-</u>	<u>197,765</u>	<u>3,283,662</u>	<u>7,533,354</u>
Resources expended						
Costs of generating funds:						
Charitable activities	4	5,320,425	-	-	5,320,425	7,498,869
Governance costs	5	11,248	-	-	11,248	22,722
		<u>5,331,673</u>	<u>-</u>	<u>-</u>	<u>5,331,673</u>	<u>7,521,591</u>
Net movement in funds		(2,245,776)	-	197,765	(2,048,011)	11,763
Balances brought forward at 1 September 2013		<u>2,513,650</u>	<u>130,396</u>	<u>123,914</u>	<u>2,767,960</u>	<u>2,756,197</u>
Balances carried forward at 31 August 2014		<u>267,874</u>	<u>130,396</u>	<u>321,679</u>	<u>719,949</u>	<u>2,767,960</u>

All of the company's activities are classed as continuing.

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

Summary income and expenditure account

	Note	2014 £	13 months ended 31 August 2013 £
Gross income		3,283,662	7,533,354
Total expenditure		(5,331,673)	(7,521,591)
Net (deficit)/income for the year	8	<u>(2,048,011)</u>	<u>11,763</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.

The Income and Expenditure account is derived from the Statement of Financial Activities on page 14, which, together with the notes to the financial statements on pages 18 to 27, provides full information on the movements during the year of the funds of the company.

Balance sheet

	Note	2014 £	2014 £	2013 £	2013 £
Fixed assets					
Tangible assets	10		272,000		5,012,902
Current assets					
Debtors	11	112,647		138,021	
Cash at bank and in hand		<u>1,014,145</u>		<u>1,294,222</u>	
		1,126,792		1,432,243	
Creditors: amounts falling due within one year	12	<u>(678,843)</u>		<u>(1,177,185)</u>	
Net current assets			<u>447,949</u>		<u>255,058</u>
Total assets less current liabilities			<u>719,949</u>		<u>5,267,960</u>
Creditors: amounts falling due after more than one year	13		-		(2,500,000)
			<u>719,949</u>		<u>2,767,960</u>
Income funds					
Restricted fund	15		321,679		123,914
Unrestricted funds:					
Designated funds - Leslie Alexander fund	15		130,396		130,396
Other charitable funds	15		<u>267,874</u>		<u>2,513,650</u>
Accumulated funds	15		<u>719,949</u>		<u>2,767,960</u>

The financial statements were approved by the Board of Trustees on 21 January 2015, and signed on their behalf by:



Mr J D Robertson

Mr I N Lightbody

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

Cash flow statement

				13 months ended 31 August
	Note	2014 £	2014 £	2013 £
Net cash outflow from operating activities	17		(275,885)	(1,023,383)
Returns on investment and servicing of finance				
Dividends received			-	-
Interest received		1,245	6,383	
Interest paid		-	(51,549)	
Finance lease interest paid		(561)	(3,115)	
			684	(48,281)
Capital expenditure				
Purchase of tangible fixed assets		-	(165,054)	
Net cash outflow from capital expenditure			-	(165,054)
Management of liquid resources				
Disposal of investments		-	2,489	
Net cash inflow from management of liquid resources			-	2,489
Financing				
Repayment of capital element of finance leases		(4,876)	(31,642)	
New loan received		-	2,500,000	
Repayment of bank loan		-	(1,340,839)	
Net cash (outflow)/inflow from financing			(4,876)	1,127,519
Decrease in cash	18		(280,077)	(106,710)

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

Notes to the financial statements

1 Investment income

	2014	13 month period ended 31 August 2013
	£	£
Bank and other interest	<u>1,245</u>	<u>6,383</u>

2 Activities in the furtherance of objects

Fees can be analysed as follows:

	2014	13 month period ended 31 August 2013
	£	£
Grant received	2,500,000	-
Tuition and boarding fees	584,652	7,045,661
Dinners	-	433,858
	<u>3,084,652</u>	<u>7,479,519</u>

Grant income of £2,500,000 recognised in the year relates to amounts receivable from the DfE as set out in note 24.

3 Activities for generating funds

	2014	13 month period ended 31 August 2013
	£	£
Asset rental and other income	<u>-</u>	<u>16,158</u>
	£	£
Voluntary income		
Donations received	<u>197,765</u>	<u>31,294</u>
	<u>197,765</u>	<u>31,294</u>

Notes to the financial statements

4 Costs of generating funds - charitable activities

	2014	13 month period ended 31 August 2013
	£	£
Activities undertaken directly		
Teaching costs	143,583	3,371,218
Bursaries, grants and allowances	-	479,626
Support costs		
Catering	86,828	352,369
Premises	231,672	1,372,555
Administration of the school	135,535	1,548,673
Bad and doubtful debts recovered	(18,655)	(19,546)
Interest payable	561	54,664
Costs of setting up academy	-	289,308
Write off of investment in subsidiary	-	50,002
Loss on disposal of tangible fixed assets	1,568,882	-
Impairment of tangible fixed assets	3,172,019	-
	<u>5,320,425</u>	<u>7,498,869</u>

5 Governance costs

	2014	13 month period ended 31 August 2013
	£	£
Audit and accountancy fees		
Audit	10,548	13,750
Other	700	8,972
	<u>11,248</u>	<u>22,722</u>

Notes to the financial statements

6 Staff costs

Costs in the furtherance of objects include staff costs as follows:

	2014	13 month period ended 31 August 2013
	£	£
Wages and salaries	128,119	3,516,381
Social security costs	7,452	277,035
Other pension contributions	8,012	376,580
	<u>143,583</u>	<u>4,169,996</u>
Average number of employees	<u>10</u>	<u>151</u>

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

	2014	13 month period ended 31 August 2013
	Number	Number
Teaching	10	90
Catering	-	6
Administration and support staff	-	34
Cleaning	-	21
	<u>10</u>	<u>151</u>

2 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:

	2014	13 month period ended 31 August 2013
	Number	Number
£60,001 - £70,000	-	3
£120,001 - £130,000	-	1

The pension contributions paid to the above four employees in 2013 amounted to £35,829.

Notes to the financial statements

7 Interest payable and similar charges

	2014	13 month period ended 31 August 2013
	£	£
Bank loan and overdraft	-	51,549
Finance lease charges	561	3,115
	<u>561</u>	<u>54,664</u>

8 Net (deficit)/income

Net (deficit)/income is stated after charging:

	2014	13 month period ended 31 August 2013
	£	£
Depreciation		
- owned assets	-	242,946
- assets held under finance leases	-	7,573
Auditors remuneration		
- audit services	10,548	13,750
- non-audit services	700	8,972
Operating lease rentals - land and buildings	190,099	127,834
- other	-	80,152
	<u></u>	<u></u>

9 Taxation on ordinary activities

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

Notes to the financial statements

10 Tangible fixed assets

	Freehold property £	Sports buildings/ facilities £	Leased assets £	Building improvements /furniture and equipment £	Motor vehicles £	Total £
Cost						
At 1 September 2013	2,741,747	2,147,326	617,252	2,660,913	74,955	8,242,193
Disposals	-	-	(617,252)	(2,620,913)	(74,955)	(3,313,120)
At 31 August 2014	<u>2,741,747</u>	<u>2,147,326</u>	<u>-</u>	<u>40,000</u>	<u>-</u>	<u>4,929,073</u>
Depreciation						
At 1 September 2013	772,425	712,629	617,252	1,057,162	69,823	3,229,291
Provided in the year	-	-	-	-	-	-
On disposals	-	-	(617,252)	(1,057,162)	(69,823)	(1,744,237)
Impairment of assets	<u>1,737,322</u>	<u>1,434,697</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>3,172,019</u>
At 31 August 2014	<u>2,509,747</u>	<u>2,147,326</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>4,657,073</u>
Net book amount at 31 August 2014	<u>232,000</u>	<u>-</u>	<u>-</u>	<u>40,000</u>	<u>-</u>	<u>272,000</u>
Net book amount at 31 July 2013	<u>1,969,322</u>	<u>1,434,697</u>	<u>-</u>	<u>1,603,751</u>	<u>5,132</u>	<u>5,012,902</u>

The disposals note above relate to the transfer of equipment to Liverpool College Independent School Trust.

The impairments noted above relate to the granting of a 125 year peppercorn lease to Liverpool College Independent School Trust. The value of the charity's interest in the property represents the discounted value (using a discount rate of 4% and assuming no growth) of the reversionary right in 124 years.

Further details are given in note 24.

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

	£
Net amount at 31 August 2013	<u>118,252</u>

Notes to the financial statements

11 Debtors

	2014 £	2013 £
Fees debtors	-	33,189
Other debtors	106,312	58,142
Prepayments and accrued income	6,335	10,865
Amounts due from related undertaking	-	35,825
	<u>112,647</u>	<u>138,021</u>

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

	2014 £	2013 £
Other debtors	58,561	52,871
Amounts due from related undertaking	-	35,825

12 Creditors: amounts falling due within one year

	2014 £	2013 £
Trade creditors	2,440	143,533
Fees paid in advance	291,712	438,909
Social security and other taxes	2,226	80,779
Pension contributions	1,289	49,395
Finance leases	-	4,876
Enrolment fees	55,177	33,522
Accruals and deferred income	325,999	426,171
	<u>678,843</u>	<u>1,177,185</u>

Accruals and deferred income includes £Nil (2013: £6,471) relating to salaries.

13 Creditors: amounts falling due after more than one year

	2014 £	2013 £
Other loan	-	2,500,000

The other loan represented a grant received from the Department for Education. The terms of the grant have been satisfied and the grant has been included within income during the year ended 31 August 2014. Further details are given in note 24.

Notes to the financial statements

14 Borrowings

These creditors are repayable as follows:

	2014 £	2013 £
Payable within one year:		
Enrolment fees	55,177	33,522
Finance leases	-	4,876
After more than five years:		
Other loans	-	2,500,000
	<u>55,177</u>	<u>2,538,398</u>

15 Funds

	General fund £	Leslie Alexander fund £	Restricted fund £	Total £
At 1 August 2013	2,513,650	130,396	123,914	2,767,960
Net income/(expenditure) for the year	(2,245,776)	-	197,765	(2,048,011)
At 31 August 2014	<u>267,874</u>	<u>130,396</u>	<u>321,679</u>	<u>719,949</u>

The general fund and the Leslie Alexander fund are unrestricted.

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

Restricted fund:

The restricted fund relates to the Liverpool College 1840 Foundation which consists of donations received for educational development.

16 Allocation of net assets

	Fixed assets £	Net current assets £	2014 £	2013 £
Restricted funds	-	321,679	321,679	123,914
Unrestricted funds	<u>272,000</u>	<u>126,270</u>	<u>398,270</u>	<u>2,644,046</u>
	<u>272,000</u>	<u>447,949</u>	<u>719,949</u>	<u>2,767,960</u>

Notes to the financial statements

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

	2014	13 month period ended 31 August 2013
	£	£
Net (deficit)/income	(2,048,011)	11,763
Net interest	(684)	48,281
Depreciation	-	250,519
Decrease in stocks	-	6,524
Loss on disposal of investments and fixed assets	1,568,882	50,002
Impairment of fixed assets	3,172,019	-
Decrease in debtors	25,374	358,937
(Decrease)/increase in creditors	(2,993,465)	(1,749,409)
Net cash outflow from operating activities	<u>(275,885)</u>	<u>(1,023,383)</u>

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

	2014	13 month period ended 31 August 2013
	£	£
Decrease in cash in the year	(280,077)	(106,710)
Cash outflow from finance leases	4,876	31,642
Cash outflow from financing	-	1,340,839
Other loan released/(received)	2,500,000	(2,500,000)
Movement in net debt in the year	2,224,799	(1,234,229)
Net funds at 1 September 2013	<u>(1,210,654)</u>	<u>23,575</u>
Net debt at 31 August 2014	<u>1,014,145</u>	<u>(1,210,654)</u>

19 Analysis of changes in net funds/(debt)

	At 1.9.2013 £	Cash flow £	Other movements £	At 31.8.2014 £
Cash at bank and in hand	1,294,222	(280,077)	-	1,014,145
Other loans	(2,500,000)	-	2,500,000	-
Finance leases	(4,876)	4,876	-	-
	<u>(1,210,654)</u>	<u>(275,201)</u>	<u>2,500,000</u>	<u>1,014,145</u>

Notes to the financial statements

20 Related party transactions

During the year trustees received expenses of £280 from the company during the year (2013: £Nil). No remuneration was paid in either year.

At 31 August 2013 there was a loan of £52,871 due from the Principal of the College.

21 Leasing commitments

Operating lease payments amounting to £137,947 (2013: £180,354) are due within the next 12 months. The leases to which those amounts relate expire as follows:

	Land and buildings 2014 £	Other 2014 £	Land and buildings 2013 £	Other 2013 £
In less than one year	-	-	-	1,722
Between one and two years	-	-	-	65,368
Between two and five years	-	-	-	7,896
Greater than five years	<u>137,947</u>	<u>-</u>	<u>105,368</u>	<u>-</u>

22 Capital commitments

The company had no capital commitments at 31 August 2014 or 31 August 2013.

23 Contingent liabilities

In July 2013 the company received £2,500,000 from the Department 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. Further detail is given in note 24.

24 Liverpool College Independent School Trust (LCIST)

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

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

During the year equipment and fixtures with a net book value of £1,568,882 were gifted to Liverpool College Independent School Trust.

The Charity has granted a 125 lease of the whole school campus and the buildings thereon at a peppercorn rent. This has led to an impairment charge of £3,172,019 as set out in note 10.

Notes to the financial statements

24 Liverpool College Independent School Trust (LCIST) (continued)

As a result of the above, the terms of the Grant of £2,500,000 from the Department for Education have now been satisfied and the grant has been included within income in the current 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 £47,751 were paid by Liverpool College on behalf of Liverpool College Independent School Trust. £47,751 remained outstanding at the year end.

Included within other debtors is a loan for £58,561 (2013: £52,871) due from the Principal of the Academy. The loan is due for repayment on 1 December 2015.