

Registered number: 00004466
Charity number: 526682

THE LIVERPOOL COLLEGE FOUNDATION
(A company limited by guarantee)

UNAUDITED
TRUSTEES' REPORT AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2018



THE LIVERPOOL COLLEGE FOUNDATION
(A company limited by guarantee)

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**Reference and administrative details of the Charity, its Trustees and Advisers
FOR THE YEAR ENDED 31 AUGUST 2018**

Trustees

Mr J D Robertson
Mr I N Lightbody
Mr C Hubbard
Mr G H Pybus
Mr K Siviter
Mr J N Swift
Mr N A Moss
Dr A M Miller

Company registered number

00004466

Charity registered number

526682

Registered office

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

Company secretary

Mr J N Swift

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

THE LIVERPOOL COLLEGE FOUNDATION
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**TRUSTEES' REPORT
FOR THE YEAR ENDED 31 AUGUST 2018**

The Trustees present their annual report together with the financial statements of The Liverpool College Foundation (formerly Liverpool College) for the year 1 September 2017 to 31 August 2018.

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 The Liverpool College Foundation, formerly Liverpool College, (the Company or Charity) for the year ended 31 August 2018.

The Trustees confirm that the Annual Report and Financial Statements of the Company comply with the Charities Act 2011, the Companies Act 2006, The Memorandum and Articles of Association, and Accounting and Reporting by Charities Statement of Recommended Practice applicable to Charities preparing their accounts in accordance with the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS102) (effective 1 January 2015).

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

The Liverpool College Foundation 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 Company will be referred to as "the Foundation".

Structure, governance and management

The Memorandum and Articles of Association of the Foundation, established in 1869 and last revised in January 2018, 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. There were no appointments or resignations during the year.

The remits of the Trustees in this year have been:

Chairman — Charles Hubbard
Business Strategy and Planning — John Swift and Graham Pybus
Foundation Members — John Robertson
Estates — Charles Hubbard
Treasury — Nigel Moss
Educational Development Fund (The 1840) – Ian Lightbody and Graham Pybus

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TRUSTEES' REPORT (continued)
FOR THE YEAR ENDED 31 AUGUST 2018

Archives – Ken Siviter
Company Secretary – John Swift

As previewed in last year's Report, Ric Thompson retired as Company Secretary and Clerk to the Trustees on 18 January 2018. To mark his many years of service and his great contribution to Liverpool College, the Trustees held a Dinner in his honour at the Racquet Club following the General Meeting of the Foundation in January 2018. Lord Hunt of Wirral led the appreciation and thanks to Ric on behalf of all the Foundation Members and the Governors and Staff of the Academy.

The Trustees appointed Mrs Amanda Gemmell as Clerk to the Trustees and Accountant in succession to Ric and welcomed her to the Foundation in December 2017.

The Racquet Club Dinner also gave an opportunity to thank those members of the Academy staff who have worked also for the Foundation since September 2013 and contributed much to the International School and the establishment of the Foundation in its current form - Kirsty Riley, Susan Bamber, Linda Harley, Sally Loveridge and Phil Lyons.

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 1 September 2013, the Foundation's main school became an Academy formed under a separate Trust, the Liverpool College Independent School Trust (the Academy), 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.

The Foundation provides equal opportunities for all staff.

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 the terms of 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 and for obtaining the consent of the Foundation as "The Landlord" for any proposed structural alterations or variations on the Property.

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.

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TRUSTEES' REPORT (continued)
FOR THE YEAR ENDED 31 AUGUST 2018

- The Funding Agreement between the DfE and 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 Objects as defined in The Academy's Memorandum and Articles of Association.

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 a 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 on the date of grant 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's 1840 Fund gives support to the Academy for Pupil Prizes and Educational Development initiatives.

Activities of the Foundation in 2017/2018

We have continued to build on the work of the previous years to put the Foundation on a firm footing. The following have been key activities:

The LCF Investment Fund

The LCF Investment Fund (or the Fund) was established in December 2015 with St James's Place (SJP), comprising an initial investment of the Foundation's cash resources of £670,000. The LCF Investment Fund holds both:

- The general cash reserves of LCF
- The invested cash of the 1840 Fund

As will be reported under the Financial Review heading below, the LCF Investment Fund has produced a significant gain since its inception.

Our focus continues to be based on a clear and practical policy for the management, administration and accounting of monies within the overall Fund. In summary, these are the key points:

- We hold all the monies within a number of Sub-funds comprising an LCF General Cash Reserves Sub-fund and 1840 Sub-funds each relating to the purpose for which the money was donated. The 1840 Sub-funds are detailed under the next heading of this Report.
- Each Sub-fund is attributed a capital sum and a notional gain of 4% per annum from the overall gain of the Fund and this is calculated to cover any annual outgoings committed by a Sub-fund.

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TRUSTEES' REPORT (continued)
FOR THE YEAR ENDED 31 AUGUST 2018

In order to exercise prudent management of gains/losses on the Fund, given that any investment is subject to the ups and downs of markets, the Trustees have set a threshold such that any overall gains above 4% per annum are held within an Investment Management Reserves Sub-fund in order to buffer any year in which the overall gain is less than 4% or indeed is in a loss situation. It may be that over time the Trustees will consider that the Reserves Sub-fund has reached a level in excess of that which is prudently required and can "release" money for use.

It is considered that this structure of Sub-funds and prudent management of gains/losses brings an essential discipline to the overall administration of the Fund and, in relation to the 1840 Fund, assurance that money is used specifically for the purposes given.

We regard the most important issue in the management of the Fund to be our choice of investments and our spread of risk. The Trustees have adopted a strategy based on a wide spread of investment funds and underlying investments, both by way of asset classes and global geography, in order to manage risk and return appropriate to the Fund. SJP execute the strategy but do not manage the Fund on a discretionary basis. The Fund is ring-fenced in the name of the Foundation and therefore forms no part of SJP's assets. The Trustees use SJP's significant investment expertise and resources with the aim of maximising the return on the Fund. It is our intention to retain and grow capital in the Fund in order to continue to generate gains and support activities for the future. We monitor the performance of the Fund regularly and meet with SJP during the year to review performance and adjust our investments according to our view on prospective market returns.

In October 2017, the Trustees made an additional investment of £50,000 of surplus cash resources in the Fund.

The LCF Educational Development Fund — the 1840

The management of the LCF Educational Development Fund (the 1840) has continued in accordance with the policy established in 2015 when the 1840 was set up. The Trustees are very mindful of fulfilling the intentions of those who have made donations to the 1840 and of ensuring that money is not advanced to pay for anything which should genuinely be funded from other sources.

As indicated above, the monies of the 1840 are held within the overall LCF Investment Fund. The Sub-funds of the 1840 currently are:

- The Original 1840 General Donations
- Academy School Named Prizes
- The LCF Vice-Presidents' Prize
- The Collin Thompson Imagineering Prize
- Chapel Refurbishment
- Design & Technology Refurbishment
- The Brenikov Bursary for Music
- The Gladstone Leadership & Management Programme
- Music
- Science

As reported last year, the Trustees agreed to establish a Sub-fund to support an annual training course in leadership & management for 6th Formers as part of the Academy's Gladstone Leadership and Management Programme. The aim of the Programme is to bring a higher level of leadership and management into the Academy, particularly through the House system. The course aims to help to create the required skills in the 6th form. The Trustees committed to support initially the first two years of the Programme from the 1840, and a full review of the Programme's achievements and operation will be conducted at the end of the Academic Year 2018-19.

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TRUSTEES' REPORT (continued)
FOR THE YEAR ENDED 31 AUGUST 2018

Estate

The new Pre-Prep Building was completed on time ready for new Academic Year 2018-19. The Building, which offers excellent facilities for staff and pupils and blends well within the overall Estate, is now an integral part of the Foundation's Freehold Estate under the existing Title Deed.

Work continues to ensure that the processes required under the Lease between the Foundation and the Academy to fulfil the Landlord's and the Tenant's obligations are fully established.

The Wilton Trust

T R Wilton, an OL, in 1970 made a generous bequest of funds to support a specifically focussed Charity funding a scholarship to pupils from Liverpool College gaining entry to a specific course at prestigious named University colleges. The bequest, since its establishment, has been managed by a group of alumni and friends of Liverpool College, as Trustees, with the capital being prudently invested in M&G's Charifund and Charibond Units and the income being used to support the Wilton Trust's current objectives and identified needs. The capital invested has grown significantly since establishment and funds held by the Trust at 31 August 2018 are circa £795,000. The typical income grants in support of the charitable objectives have in recent years been circa £33,000 per annum. Over the years appropriate needs for support from the Charity have changed and the objectives have been changed and updated with the appropriate approvals of the Charity Commission.

The 1970 Scheme was amended by an Order dated 18 April 1984 and further amended on 18 November 2013. The current terms are "The Trust Fund shall be held as a perpetual endowment in trust by the income thereof to promote or further the education of or afford educational benefit to persons being educated at either Liverpool College or Liverpool College Independent School Trust or who having been educated by Liverpool College or Liverpool College Independent School Trust are registered students as undergraduates or postgraduates of the University of Cambridge or the University of Oxford".

When Liverpool College converted to Academy status in 2013 and moved from being a fee-paying school, the previous focus, which had for some years been supporting parent and pupils with special financial needs, was replaced by the Trust supporting an initiative from the Headmaster to establish a "Gifted and Talented Programme" for selected pupils at the College. The Trustees considered that the proposal fitted well with T R Wilton's original aspirations and determined to allocate the Wilton Trust's annual grant in support of this. The extensive and diverse TR Wilton Scholar's programme, now operated at Liverpool College for the benefit of gifted and talented pupils by Mrs Sarah Doran, has proved to be a great success.

With the establishment and development of the LCF as a separate Charity, also supporting aspects of Liverpool College's activities, it was identified during 2017-2018 that, given the commonality of interests, there could be the opportunity for savings in governing the two charities and avoiding duplication of processes, Trustee appointments and meetings. Advice was taken which identified that a straight merger was not possible because the Wilton Trust was a permanent endowment fund while the LCF is a limited company and cannot hold permanent endowment funds. It was possible however for the Wilton Trustees to appoint LCF as a Corporate Trustee and, as and when the Wilton Trustees might choose to retire, the LCF could become the sole Trustee.

The Wilton Trustees on 9 August 2018 passed a resolution providing "inter alia" that, if LCF wrote formally confirming its acceptance of the Trusteeship as Sole Corporate Trustee, the Wilton Trust would appoint LCF to that role from 1 September 2018 and would take over wholly the management of the affairs of the Wilton Trust. All the Wilton Trustees retired from 1 September 2018, following their resolution to appoint the LCF as the sole corporate Trustee. However, Charles Hubbard, also an LCF Trustee, has been the Chairman of the Wilton Trust for the last few years and Howard Hackney, also formerly a Wilton Trustee, will be proposed for election as an LCF Trustee at the AGM. This will help to ensure continuity in the ongoing management of the Wilton Trust funds and in its meeting its objectives. The intention is to continue to operate the Wilton Trust as a separate charity under the operational umbrella of the LCF and to continue to support Liverpool College's Gifted and Talented programme while that is performing well and meeting expectations.

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TRUSTEES' REPORT (continued)
FOR THE YEAR ENDED 31 AUGUST 2018

Financial review

The Foundation made a surplus for the year ending 31 August 2018 of £30,169 (2017: £55,578).

The Foundation's surplus has been primarily due to the performance of the LCF Investment Fund. The Fund valuation at 31 August 2018 was £897,465 (2017: £815,731), representing an overall increase in value of £177,465 (24.6%) compared with the investment of £720,000 (£670,000 in December 2015 and a further £50,000 in October 2017). The increase in value during the year, excluding the additional £50,000 investment, was £31,734 (2017: £64,927) representing an increase of 3.7% compared with the valuation at 31 August 2017.

Total expenditure for the year (excluding the recovery of bad and doubtful debts and release of impairment charge) was £32,090 (2017: £71,215). Donations received during the year were £4,239 (2017: £28,829).

As at 31 August 2018 the Foundation's total funds across both restricted and unrestricted funds was £994,339 (2017: £964,170), which were more than covered by cash and investment resources. The Trustees consider this level of funds to be satisfactory.

Land & Buildings Valuation and Contingent Liability

On 31 July 2013 the Foundation granted to the Academy a lease, for a term of 125 years, of the whole circa 26 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 the lease term. 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. As at 31 August 2018 the valuation was £271,000 (2017: £261,000).

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 Trustees have reviewed the risks and uncertainties underlying the Foundation's operations. In their opinion adequate policies and processes have been put in place to ensure that exposure to financial or operational risk is minimised. In regard to the investment fund it should be noted that the value of the Fund's investments can go down as well as up.

Restricted Fund

The Fund of the 1840 Foundation is held under the direct management of the Trustees for use for Educational Development. The 1840 Fund now stands at £449,265 (2017: £427,330).

Plans for Forward Periods

The Foundation's work is focused on:

- 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 role 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 management of the Educational Development Fund – the 1840 – and the Wilton Trust

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TRUSTEES' REPORT (continued)
FOR THE YEAR ENDED 31 AUGUST 2018

- The Foundation's obligations under all Legal Agreements
- Its relationships with the Academy

In terms of specific objectives in the next year, the Board of Trustees will be particularly focused on:

- Reorganising the Foundation's Archives. After some years of neglect, an exercise has been carried out to clear up and collate the historical Archives into one location in Beechlands. The task now is properly to catalogue and store the many items in the Archives with a view to enabling future access to items and their presentation. This is a significant project, building on the valuable work previously carried out by alumni.
- Continuing the effective management of the LCF Investment Fund
- Seeking ways to increase the funding of the 1840 Fund
- Reviewing the relationships of the Foundation with the Old Liverpoolian Society
- Seeking to recruit new Trustees to provide succession to the existing Board of Trustees

Trustees' responsibilities statement

The Trustees (who are also directors of The Liverpool College Foundation 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 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 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 (FRS 102);
- 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.

This report was approved by the Trustees, on 10 December 2018 and signed on their behalf by:



Mr C Hubbard
Chairman

THE LIVERPOOL COLLEGE FOUNDATION
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**INDEPENDENT EXAMINER'S REPORT
FOR THE YEAR ENDED 31 AUGUST 2018**

Independent Examiner's Report to the Trustees of The Liverpool College Foundation

I report on the accounts of the Company for the year ended 31 August 2018 which are set out on pages 11 to 26.

This report is made solely to the Charitable company's Trustees, as a body, in accordance with the regulations made under section 154 of the Charities Act 2011. My work has been undertaken so that I might state to the Charitable 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 Charitable company's Trustees as a body, for my work or for this report, or for the opinions I have formed.

Respective Responsibilities of Trustees and Examiner

The Trustees (who are also the directors of the Charitable company for the purposes of company law) are responsible for the preparation of the accounts. The Charitable company's Trustees consider that an audit is not required for this year (under section 144(2) of the Charities Act 2011 and Part 16 of the Companies Act 2006) and that an independent examination is needed.

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

- examine the accounts under section 145 of the Charities Act 2011;
- follow the procedures laid down in the general Directions given by the Charity Commission under section 145(5)(b) of the Charities Act 2011; 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 accounts presented with those records. It also includes consideration of any unusual items or disclosures in the accounts, 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 accounts present a 'true and fair view' and the report is limited to those matters set out in the statement below.

THE LIVERPOOL COLLEGE FOUNDATION
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INDEPENDENT EXAMINER'S REPORT (continued)
FOR THE YEAR ENDED 31 AUGUST 2018

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 accounts which accord with the accounting records, Accounting and Reporting by Charities preparing their accounts in accordance with the Financial Reporting Standard in the UK and Republic of Ireland (FRS 102) and in other respects 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
- (2) to which, in my opinion, attention should be drawn in order to enable a proper understanding of the accounts to be reached.

Mike Delf

Signed:

Dated: 14 MARCH 2019

Michael J Delf FCA

Grant Thornton UK LLP
Chartered Accountants
Liverpool

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**STATEMENT OF FINANCIAL ACTIVITIES
FOR THE YEAR ENDED 31 AUGUST 2018**

	Note	Unrestricted funds 2018 £	Restricted funds 2018 £	Total funds 2018 £	Total funds 2017 £
Income from:					
Donations and legacies	2	-	4,239	4,239	28,829
Investments	3	892	-	892	1,071
Total income		892	4,239	5,131	29,900
Expenditure on:					
Charitable activities	4	261	6,435	6,696	39,249
Total expenditure		261	6,435	6,696	39,249
Net income / (expenditure) before investment gains		631	(2,196)	(1,565)	(9,349)
Net gains on investments	13	8,353	23,381	31,734	64,927
Net income before other recognised gains and losses		8,984	21,185	30,169	55,578
Net movement in funds		8,984	21,185	30,169	55,578
Reconciliation of funds:					
Total funds brought forward		511,840	452,330	964,170	908,592
Total funds carried forward		520,824	473,515	994,339	964,170

The notes on pages 14 to 26 form part of these financial statements.

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**SUMMARY INCOME AND EXPENDITURE ACCOUNT
FOR THE YEAR ENDED 31 AUGUST 2018**

		Unrestricted funds 2018 £	Restricted funds 2018 £	Total funds 2018 £	Total funds 2017 £
	Note				
Income		892	4,239	5,131	29,900
Gains on investments		8,353	23,381	31,734	64,927
Gross income in the reporting period		9,245	27,620	36,865	94,827
Less: Total expenditure		261	6,435	6,696	39,249
Net income for the year		8,984	21,185	30,169	55,578
Net income for the financial year	17	8,984	21,185	30,169	55,578

The notes on pages 14 to 26 form part of these financial statements.

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REGISTERED NUMBER: 00004466

**BALANCE SHEET
AS AT 31 AUGUST 2018**

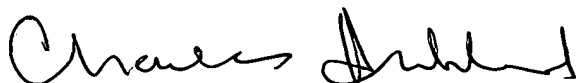
	Note	£	2018 £	£	2017 £
Fixed assets					
Tangible assets	12		311,000		301,000
Investments	13		897,465		815,731
			<u>1,208,465</u>		<u>1,116,731</u>
Current assets					
Stocks	14	8,098		8,303	
Debtors	15	-		52,871	
Cash at bank and in hand		83,191		85,236	
		<u>91,289</u>		<u>146,410</u>	
Creditors: amounts falling due within one year	16	(305,415)		(298,971)	
Net current liabilities			<u>(214,126)</u>		<u>(152,561)</u>
Net assets			<u>994,339</u>		<u>964,170</u>
Charity Funds					
Restricted funds	17		473,515		452,330
Unrestricted funds	17		520,824		511,840
Total funds			<u>994,339</u>		<u>964,170</u>

The Company's financial statements have been prepared in accordance with the provisions applicable to companies subject to the small companies regime.

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 the preparation of financial statements.

The financial statements were approved and authorised for issue by the Trustees on 10 December 2018 and signed on their behalf, by:



Mr C Hubbard, Chairman



Mr N A Moss, Treasurer

The notes on pages 14 to 26 form part of these financial statements.

THE LIVERPOOL COLLEGE FOUNDATION
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**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2018**

1. Accounting Policies

1.1 Basis of preparation of financial statements

The financial statements have been prepared in accordance with Accounting and Reporting by Charities: Statement of Recommended Practice applicable to charities preparing their accounts in accordance with the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS 102) (effective 1 January 2015) - (Charities SORP (FRS 102)), the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS 102) and the Companies Act 2006.

The Liverpool College Foundation (formerly Liverpool College) 'the Company' or 'the Charity' meets the definition of a public benefit entity under FRS 102. Assets and liabilities are initially recognised at historical cost or transaction value unless otherwise stated in the relevant accounting policy.

The presentational currency of the financial statements is the pound sterling 'GBP'. The amounts included in the financial statements are rounded to the nearest £1.

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.

The registered office is Beechlands, Liverpool College, Mossley Hill, Liverpool, L18 8BG.

The principal activity is 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 as set out in the Trustees' report.

1.3 Going concern

Notwithstanding the net current liabilities, the Trustees consider that it is appropriate to prepare the financial statements on a going concern basis, having reviewed net income and cashflow forecasts for the foreseeable future which is not less than 12 months from the date of approval of these financial statements.

1.4 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.

Investment income, gains and losses are allocated to the appropriate fund.

THE LIVERPOOL COLLEGE FOUNDATION (A company limited by guarantee)

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2018**

1. Accounting Policies (continued)

1.5 Income

All income is recognised once the Company has entitlement to the income, it is probable that the income will be received and the amount of income receivable can be measured reliably.

Donations and legacies

Donations and legacies 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.

1.6 Expenditure

Expenditure is recognised once there is a legal or constructive obligation to transfer economic benefit to a third party, it is probable that a transfer of economic benefits will be required in settlement and the amount of the obligation can be measured reliably. Expenditure is classified by activity. The costs of each activity are made up of the total of direct costs and shared costs, including support costs involved in undertaking each activity. Direct costs attributable to a single activity are allocated directly to that activity. Shared costs which contribute to more than one activity and support costs which are not attributable to a single activity are apportioned between those activities on a basis consistent with the use of 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.

Charitable activities and Governance costs are costs incurred on the Company's operations, including support costs and costs relating to the governance of the Company apportioned to charitable activities.

Grants payable are charged in the year when the offer is made except in those cases where the offer is conditional, such grants being recognised as expenditure when the conditions attaching are fulfilled. Grants offered subject to conditions which have not been met at the year end are noted as a commitment, but not accrued as expenditure.

1.7 Statement of cash flows

No statement of cash flows is presented, as under FRS 102 the Charity is exempt from producing such a statement by virtue of its size.

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NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2018

1. Accounting Policies (continued)

1.8 Tangible fixed assets and depreciation

A review for impairment of a fixed asset is carried out if events or changes in circumstances indicate that the carrying value of any fixed asset may not be recoverable. Shortfalls between the carrying value of fixed assets and their recoverable amounts are recognised as impairments. Impairment losses are recognised in the Statement of financial activities.

Tangible fixed assets are carried at cost, net of depreciation and any provision for impairment. The impairment charge written back relates to the granting of a 125 year peppercorn lease to Liverpool College Independent School Trust on 31 July 2013. The value of the Company's interest in the property at 31 August 2018 represents the discounted value (using a discount rate of 4% and assuming no growth) of the reversionary right in 120 years (2017: 121 years).

Heirlooms are not depreciated and are included at valuation (see 1.18).

1.9 Investments

Fixed asset investments are a form of financial instrument and are initially recognised at their transaction cost and subsequently measured at fair value at the Balance sheet date. Investment gains and losses, whether realised or unrealised, are combined and shown in the heading 'Net gains on investments' in the Statement of financial activities.

1.10 Stocks

Stocks are valued at the lower of cost and net realisable value after making due allowance for obsolete and slow-moving stocks. Cost includes all direct costs and an appropriate proportion of fixed and variable overheads.

1.11 Debtors

Trade and other debtors are recognised at the settlement amount after any trade discount offered. Prepayments are valued at the amount prepaid net of any trade discounts due.

1.12 Cash at Bank and in hand

Cash at bank and in hand includes cash and short term highly liquid investments with a short maturity of three months or less from the date of acquisition or opening of the deposit or similar account.

1.13 Liabilities and provisions

Liabilities are recognised when there is an obligation at the Balance sheet date as a result of a past event, it is probable that a transfer of economic benefit will be required in settlement, and the amount of the settlement can be estimated reliably. Liabilities are recognised at the amount that the Company anticipates it will pay to settle the debt or the amount it has received as advanced payments for the goods or services it must provide. Provisions are measured at the best estimate of the amounts required to settle the obligation. Where the effect of the time value of money is material, the provision is based on the present value of those amounts, discounted at the pre-tax discount rate that reflects the risks specific to the liability. The unwinding of the discount is recognised within interest payable and similar charges.

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**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2018**

1. Accounting Policies (continued)

1.14 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.

1.15 Foreign currencies

Monetary assets and liabilities denominated in foreign currencies are translated into sterling at rates of exchange ruling at the balance sheet date.

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.

1.16 Interest receivable

Interest on funds held on deposit is included when receivable and the amount can be measured reliably by the Company; this is normally upon notification of the interest paid or payable by the Bank.

1.17 Financial instruments

Financial liabilities and equity instruments are classified according to the substance of the contractual arrangements entered into.

A financial liability exists where there is a contractual obligation to deliver cash or another financial asset to another entity, or to exchange financial assets or financial liabilities under potentially unfavourable conditions. In addition, contracts which result in the entity delivering a variable number of its own equity instruments are financial liabilities.

Finance costs and gains or losses relating to financial liabilities are included in the profit and loss account. The carrying amount of the liability is increased by the finance cost and reduced by payments made in respect of that liability. Finance costs are calculated so as to produce a constant rate of charge on the outstanding liability. Debt issue costs are offset against the debt and amortised over the term of the loan.

1.18 Heritage assets

Heirlooms represent a collection of historic trophies, portraits, pictures, plaques, honours boards and archives. These assets are not subject to depreciation and are revalued every five years.

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**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2018**

1. Accounting Policies (continued)

1.19 Significant adjustments and key areas of estimation uncertainty

The trustees consider there to be no items in the financial statements where they have had to make significant judgements in the process of applying the Charity's accounting policies or key sources of estimation uncertainty.

2. Income from donations and legacies

	Unrestricted funds 2018 £	Restricted funds 2018 £	Total funds 2018 £	Total funds 2017 £
Donations	-	4,239	4,239	28,829
<i>Total 2017</i>	-	28,829	28,829	

3. Investment income

	Unrestricted funds 2018 £	Restricted funds 2018 £	Total funds 2018 £	Total funds 2017 £
Bank and other interest	892	-	892	1,071
<i>Total 2017</i>	1,071	-	1,071	

4. Analysis of resources expended by expenditure type

	Unrestricted fund £	Restricted fund £	Total 2018 £	Total 2017 £
Charitable activities	(9,279)	6,435	(2,844)	29,049
Governance costs	9,540	-	9,540	10,200
Total	261	6,435	6,696	39,249

Charitable activities comprise grants payable (note 6) and support costs (note 7).

In 2017, of the total expenditure, £46,642 was from restricted funds and (£7,393) was from unrestricted funds.

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**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2018**

5. Governance costs

	Unrestricted funds 2018 £	Restricted funds 2018 £	Total funds 2018 £	Total funds 2017 £
Accountancy costs	9,540	-	9,540	10,200

6. Analysis of grants

	Restricted 2018 £	Total 2018 £	Total 2017 £
Grants to institutions	6,435	6,435	46,642
<i>Total 2017</i>	46,642	46,642	

Grants of £6,435 were made to Liverpool College Independent School Trust (LCIST) to fund several programs as follows -

	£
Gladstone Leadership & Management Programme	4,350
Brenikov Music Scholarship	750
School prizes	1,335

7. Support costs

	Charitable activities £	Total 2018 £	Total 2017 £
Administration of the school	16,115	16,115	14,373
Bad and doubtful debts recovered	(15,394)	(15,394)	(21,966)
Impairment charge written back	(10,000)	(10,000)	(10,000)
	(9,279)	(9,279)	(17,593)
<i>Total 2017</i>	(17,593)	(17,593)	

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**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2018**

8. Trustee remuneration and expenses

During the year, no Trustees received any remuneration (2017 - £NIL).

During the year, no Trustees received any benefits in kind (2017 - £NIL).

3 Trustees received reimbursement of travel expenses amounting to £1,603 in the current year, (2017 - 4 Trustees - £1,706).

9. Staff costs

The average number of persons employed by the Company during the year was 0 (2017: 0).

10. Independent Examiners remuneration

The Independent Examiners remuneration amounts to an Independent Examination fee of £5,847 (2017: £5,700), and accounts preparation of £3,693 (2017: £4,500).

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 2017 and 31 August 2018	4,889,073	40,000	4,929,073
Depreciation and impairment			
At 1 September 2017	4,628,073	-	4,628,073
Impairment charge written back	(10,000)	-	(10,000)
At 31 August 2018	4,618,073	-	4,618,073
Net book value			
At 31 August 2018	271,000	40,000	311,000
At 31 August 2017	261,000	40,000	301,000

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**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2018**

12. Tangible fixed assets (continued)

The impairment charge written back relates to the granting of a 125 year peppercorn lease to Liverpool College Independent School Trust on 31 July 2013. The value of the Company's interest in the property at 31 August 2018 represents the discounted value (using a discount rate of 4% and assuming no growth) of the reversionary right in 120 years (2017: 121 years).

Heirlooms represent a collection of historic trophies, portraits, pictures, plaques, honours boards and archives. These assets are not subject to depreciation and are revalued every five years.

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**NOTES TO THE FINANCIAL STATEMENTS
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13. Fixed asset investments

	Listed securities £
Market value	
At 1 September 2017	815,731
Additions	50,000
Revaluations	31,734
	<u>897,465</u>
At 31 August 2018	<u>897,465</u>
Investments at market value comprise:	
	2018 £
Investment funds	897,465
	2017 £
	815,731

All the fixed asset investments are held in the UK.

The Charity invests in a wide spread of investment funds with St James's Place, focused on a mixture of capital and growth, whose underlying investments comprise a broad mixture of investments listed both in the UK and overseas.

All investments are carried at their fair value. Investment in equities are all traded in quoted public markets. Holdings in common investments funds are at the bid price. The basis of fair value for quoted investments is equivalent to the market value, using the bid price. Asset sales and purchases are recognised at the date of trade at cost (that is their transaction value).

The significance of financial instruments to the ongoing financial sustainability of the Charity is considered in the Trustees' Report.

The main risk to the Charity from financial instruments lies in the combination of uncertain investment markets and volatility in yield. The Charity has a significant exposure to international companies, the values of which, together with their yields are exposed to exchange rate risk when converting the holdings into sterling.

Liquidity risk is anticipated to be low as all assets are traded and the commitment to intervention by central banks and market regulators has continued to provide for orderly trading in the markets and so the ability to buy and sell quoted equities and stock is anticipated to continue. The Charity's investments are mainly traded in markets with good liquidity and high trading volumes. The Charity has no material investment holdings in markets subject to exchange controls or trading restrictions.

The Charity manages these investment risks by retaining expert advisors and operating an investment policy that provides for a high degree of diversification of holdings within investment asset classes that are quoted on recognised stock exchanges. The Charity does not make use of derivatives and similar complex financial instruments as it takes the view that investments held for the longer term yield a total return and historic studies of quoted financial instruments have shown that volatility in any particular five year period will normally be corrected.

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**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2018**

14. Stocks

	2018 £	2017 £
Liverpool College 175 years of history books	<u>8,098</u>	<u>8,303</u>

15. Debtors

	2018 £	2017 £
Due after more than one year		
Other debtors	<u>-</u>	<u>52,871</u>

16. Creditors: Amounts falling due within one year

	2018 £	2017 £
Liverpool College Independent School Trust	163,724	163,614
Fees paid in advance	65,439	65,439
Enrolment fees	16,246	16,246
Accruals	18,674	17,440
Grants payable	41,332	36,232
	<u>305,415</u>	<u>298,971</u>

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**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2018**

17. Statement of funds

Statement of funds - current year

	Balance at 1 September 2017 £	Income £	Expenditure £	Gains/ (Losses) £	Balance at 31 August 2018 £
Designated funds					
Education Development Fund	351,038	-	-	-	351,038
General funds					
General Fund	160,802	892	(261)	8,353	169,786
Total Unrestricted funds	511,840	892	(261)	8,353	520,824
Restricted funds					
Liverpool College 1840 Foundation	427,330	4,239	(5,685)	23,381	449,265
Brenikov Music Scholarship	25,000	-	(750)	-	24,250
	452,330	4,239	(6,435)	23,381	473,515
Total of funds	964,170	5,131	(6,696)	31,734	994,339

Statement of funds - prior year

Designated funds					
Education Development Fund	323,098	-	-	27,940	351,038
	323,098	-	-	27,940	351,038
General funds					
General Fund	152,338	1,071	7,393	-	160,802
Total Unrestricted funds	475,436	1,071	7,393	27,940	511,840

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**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2018**

17. Statement of funds (continued)

Restricted funds

Liverpool College 1840 Foundation	433,156	3,829	(46,642)	36,987	427,330
Brenikov Music Scholarship	-	25,000	-	-	25,000
	<u>433,156</u>	<u>28,829</u>	<u>(46,642)</u>	<u>36,987</u>	<u>452,330</u>
Total of funds	<u>908,592</u>	<u>29,900</u>	<u>(39,249)</u>	<u>64,927</u>	<u>964,170</u>

The general fund and the Education Development Fund are unrestricted.

The Education Development Fund has been invested for income and growth.

Restricted funds

The Liverpool College 1840 Foundation

The Liverpool College 1840 Foundation is for educational development.

These funds comprise a number of historic donations. The detailed restrictions attached to these funds vary in nature.

The Liverpool College 1840 Foundation Fund has been invested for income and growth.

The Brenikov Music Scholarship

The Brenikov Music Scholarship is to be invested for income and growth, with a commitment to use 3% of the capital annually to fund music lessons for pupils who show talent in music but who cannot afford music lessons.

18. Analysis of net assets between funds

Analysis of net assets between funds - current year

	Unrestricted funds 2018 £	Restricted funds 2018 £	Total funds 2018 £
Tangible fixed assets	311,000	-	311,000
Fixed asset investments	359,392	538,073	897,465
Current assets	77,500	13,789	91,289
Creditors due within one year	(227,068)	(78,347)	(305,415)
	<u>520,824</u>	<u>473,515</u>	<u>994,339</u>

THE LIVERPOOL COLLEGE FOUNDATION
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**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2018**

18. Analysis of net assets between funds (continued)

Analysis of net assets between funds - prior year

	<i>Unrestricted funds 2017 £</i>	<i>Restricted funds 2017 £</i>	<i>Total funds 2017 £</i>
Tangible fixed assets	301,000	-	301,000
Fixed asset investments	351,038	464,693	815,731
Debtors due after more than 1 year	52,871	-	52,871
Current assets	69,670	23,869	93,539
Creditors due within one year	(262,739)	(36,232)	(298,971)
	<u>511,840</u>	<u>452,330</u>	<u>964,170</u>

19. 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.

20. Capital commitments

The Company had no capital commitments at 31 August 2018 or 31 August 2017.

21. Related party transactions

Included within other debtors due after one year is a loan for £Nil (2017: £52,871) due from the Principal of the Academy which has been repaid during the year. This balance incurred interest of £Nil (2017: £1,071) which was received during the year.

22. 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.

On 31 July 2013, the Company granted a 125 lease of the whole school campus and the buildings thereon at a peppercorn rent. During that year, a grant of £2,500,000 was received from the Department for Education. The loan is repayable in the event that the funding agreement between LCIST and the Department for Education is terminated.