



Aquinas College

Report and Financial Statements



Year ended 31 July 2020



AQUINAS COLLEGE
Report and Financial Statements – Year ended 31 July 2020

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KEY MANAGEMENT PERSONNEL & GOVERNING BODY

KEY MANAGEMENT PERSONNEL

Key management personnel are defined as senior post holders/members of the College Leadership Team and were represented by the following in 2019/20:

Daniel Pearson: Principal and Accounting Officer
Carina Vitti: Vice Principal
Debbie Blackburn: Assistant Principal Finance
Andrew Bailey: Assistant Principal Pastoral

GOVERNING BODY

A full list of Governors is given on pages 13 and 14 of these financial statements.

Mr T Conlon acted as Clerk to the Governing Body throughout the period.

PROFESSIONAL ADVISORS

Financial Statement Auditors:

Mazars LLP
Chartered Accountants
& Statutory Auditor
One St Peter's Square
Manchester
M2 3DE

Tel: 0161 238 9200

Internal Auditors:

RSM
Festival Way,
Festival Park,
Stoke on Trent,
ST1 5BB

Tel: 01782 216000

Bankers:

Lloyds Bank PLC
60-62 Merseyway,
Stockport,
SK1 1PL

Tel: 0113 394 2192

Solicitors:

Gorvins
Tivot House,
Stockport,
Cheshire,
SK1 1TA

Tel: 0845 539 5151

OPERATING AND FINANCIAL REVIEW:

NATURE, OBJECTIVES AND STRATEGIES:

The members present their report and the audited financial statements for the year ended 31 July 2020.

Legal status

The College, founded in September 1980, was moved from the Schools to the FE sector under Section 28 of the Further and Higher Education Act (1992) as a College designated to receive FEFC funds. This was deemed necessary by Parliament in that as a voluntary aided College it did not own either its land or buildings. Although the governing body did not achieve Governing Body status under Further and Higher Education (1992), this has now been achieved under the Education Act 2000. The College is an exempt charity for the purposes of Part 3 of the Charities Act 2011.

Mission

“At the very heart of our philosophy is the Gospel spirit of freedom, justice and love. We aim to affirm and value each member of the community, recognising the dignity and unique nature of each individual, whether student, support staff or teacher.”

This extract from the College mission statement underpins the philosophy of the College.

COVID-19

The college entered the lockdown period on the 20th March 2020. The Government confirmed that Sixth form colleges would continue to be paid their full grant funding for the period of lockdown and beyond. All teaching, both 16-18 and adult education academic courses continued on line delivering to L6 students and adult students undertaking a 2019/20 course. Support departments also worked from home delivering essential services. Management accounts were produced on time and distributed to Governors each month. Due to the closedown the non-pay costs incurred reduced markedly to produce a higher than expected outcome for the year. The most affected areas were the canteen and the adult education leisure courses both of which were suspended for the remainder of the year and the staff placed on furlough. Staff were paid in full but the furlough income received mitigated the loss to the college for these activities.

Implementation of strategic plan

The College's objectives are set out in the strategic plan updated in July 2019 for the year ended July 2020. This plan includes the strategic direction of the College and financial forecasts. The Governing Body monitors the performance of the College against these plans. The plans are reviewed and updated each year. The College's continuing strategic objectives are:

- To return to controlled student number growth. The revised number to be around 2,207 (FTE) in the year to July 2020.
- To review and maintain the high achievement rates for students within College. The achievement rate will be affected by the move to linear courses but the target remains at around 90%.
- To review the provision for adult education in the light of funding cuts.
- To encourage students to take responsibility for their own learning and promote and develop relevant learning strategies.
- Despite financial pressures, to make the necessary level of investment to maintain the high standards in learning resources in both the Learning Resource Centre and the IT Centre.

The College is on target for achieving these objectives.

OPERATING AND FINANCIAL REVIEW /Continued...

Implementation of strategic plan /Continued...

The College's specific objectives for 2019/20 and achievement of those objectives is addressed below:

- To achieve full time 16-19 students of 2,207 based on funding levels. Actual full time 16-19 student numbers were 2,243 learners. The fluctuation in numbers reflects the difficulty in managing the student numbers in the face of the large oversubscription and the risk of significantly under recruiting and the subsequent effect of funding in the following year. The College will continue to manage this area closely.
- Outcomes in July 2020 were derived from a mixture of the Government's algorithm and the Centre Assessed Grades (CAGS) due to the cancellation of the summer examinations. Achievement (formerly success) rates of 90.0% (18/19 90.2%) for all courses have been achieved in 2019/20. We have experienced an increase in pass rates with retention slightly down. This is due to the lockdown and our usual practices of support having to be amended.
- To further improve attendance in core studies by further enhancements to the attendance policy. Further development of MyAquinas will allow targeted action and provides online monitoring of students' performance. This was achieved with an increase in attendance and retention.
- To review the tutorial program in the light of further funding cuts to ensure it is effective and relevant and delivered concisely.
- To develop the IT strategy group to oversee all IT strategy to enable the College to keep at the forefront of IT development and ensure that IT remains a support for curriculum delivery and is appropriate for the future. We continue to investigate innovative solutions like chromebooks for IT rich subjects.

Financial plan

The College governors approved a financial plan in July 2020 which sets objectives for the period to 2021.

Financial Objectives

The College's financial objectives are:

- To achieve an annual operating surplus; and
- To further improve the College's shorter term liquidity.

A series of performance indicators have been agreed to monitor the successful implementation of the policies.

Performance indicators

Key Performance indicators	Target	Actual for 2019/20
Student numbers	2,207	2,243
EBITDA as % of income	3.027%	6.3%
Staff costs as % of income	76.1%	72.5%
Operating cash flow	347	536
Adjusted current ratio	6.18	6.32
Borrowing as % of income	25.6%	25.0%
Reliance on ESFA income	91.3%	85.8%
Financial Health Score	Good	Good

The table above excludes the effect of the pension adjustments and the release of capital grant within income.

OPERATING AND FINANCIAL REVIEW /Continued...

Performance indicators/Continued...

The College uses a number of measures to assess and report on progress in both academic, pastoral and financial areas. These include but are not exclusively:

- Achievement rates, retention and attendance rates and Value Added.
- Learner destinations.
- Satisfaction survey (formerly "learner views").
- Accounting measures such as cash days in hand, current ratios and indebtedness measures.
- Financial health assessments and minimum standards ratios.

The College is committed to observing the importance of sector measures and indicators and uses the FE Choices data available on the GOV.UK website which looks at measures such as achievement rates. The College is required to complete the annual Finance Record for the Education and Skills Funding Agency ("ESFA"). The College is assessed by the ESFA as having a "Good" financial health grading. The current rating of "Good" is considered an excellent outcome given the financial pressure on the sector.

Public Benefit

Aquinas College is an exempt charity under the Part 3 of the Charities Act 2011 and is regulated by the Secretary of State for Education. The members of the Governing Body, who are trustees of the charity, are disclosed on pages 13 and 14. In setting and reviewing the College's strategic objectives, the Governing Body has had due regard for the Charity Commission's guidance on public benefit and particularly upon its supplementary guidance on the advancement of education.

In delivering its mission, the College provides identifiable public benefits through the advancement of education to 2,243 students, including 51 students with high needs. The college provides courses without charge to young people, to those who are unemployed and adults taking English and maths course. The college adjusts its courses to meet the needs of local employers. The college is committed to providing information, advice and guidance to the students it enrolls and to finding suitable courses for as many students as possible regardless of their educational background.

FINANCIAL POSITION:

Financial Results

The College generated a surplus before other gains and losses in the year of £54k (2019: £85k), with total comprehensive income of (£1,095k) (2019: (£819k)). These set of results include the FRS102(28) defined benefit actuarial adjustments. The adjustments have decreased the results for the year with additional accounting adjustments to salaries and interest charges and an actuarial loss of £1,149k. The college generated a trading surplus of £497k but cumulative adjustments posted due to the GMPF pension note were £1,592k which has led to the reported total comprehensive loss of £1,095k. Additional information is included in note 22.

The College has accumulated general reserves of £1.340m (2019: £2.435m) and cash balances and short term deposits of £6.982m (2019: £6.720m) of which £224k (2019: £286k) are amounts held as deposits on behalf of students. Reserves have again been affected by the FRS102(28) adjustments. A defined benefit obligation of £4.568m as at the 31st July 2020 (2019: £2.976m) has reduced the reserves balance.

Tangible fixed asset additions during the year amounted to £43k. Additions mainly relate to IT purchases although there have been small amounts spent on furniture and fixtures.

OPERATING AND FINANCIAL REVIEW /Continued...

Financial Results/Continued....

The College has significant reliance on the ESFA for its principal funding source, largely from recurrent grants.

In 2019/20 the ESFA provided 85.8% (2019: 85%) of the College's total income.

Treasury policies and objectives

Treasury management is the management of the College's cash flows, its banking, money market and capital market transactions; the effective control of the risks associated with those activities; and the pursuit of optimum performance consistent with those risks.

The College has a separate treasury management policy in place.

Short term borrowing for temporary revenue purposes is authorised by the Accounting Officer (Principal). All other borrowing requires the authorisation of the Governing Body and shall comply with the requirements of the Financial Memorandum.

The College also has a gifts and hospitality policy which covers the procedure for the receipt of gifts / hospitality by staff.

Cash flows

The total net cash inflow of £2.012m (outflow 2019: £290k) has arisen due to placing £1.5m on 32 day deposit rather than longer term investment so it can be included in the cash or cash equivalent balance. The College loans crystallised in March 2011 and the full facility of £4.45m was drawn down. The outstanding balance is £2.88m, £1.64m remains on a fixed term with the balance of £1.24m on variable repayments. The latter is placed on deposit to generate funds to cover the loan interest paid.

Liquidity

The College has a loan with Lloyds Bank PLC. The size of the College's total borrowing and its approach to interest rate management have been calculated to ensure a reasonable cushion between the total cost of servicing debt and operating cashflow. During the year this margin was comfortably exceeded.

Reserves Policy

The College has no formal Reserves Policy but recognises the importance of reserves in the financial stability of any organisation, and ensures that there are adequate reserves to support the College's core activities. As at the balance sheet date the Income and Expenditure reserve stands at £1.340m (2019: £2.435m). It is the Governing Body's intention to increase reserves over the life of the strategic plan through the generation of annual operating surpluses to create a contingency fund. This is negatively affected by movements on the FRS102 pension fund adjustments.

Current and Future development and Performance

Financial health

Aquinas College has Good financial health. We continue to achieve the maximum score of 100 for the adjusted current ratio as our cash balances are healthy and we deliver cash surpluses each year. Our loan balances are £2.88m which generates a score of 70. However, we can pay off £1.25m of this without penalty and whilst this does not affect our current ratio measure it improves the loan ratio by 10 points. We maintain the loan balances as we can place them on deposit and cover any financing costs. During the last few years, the cuts have affected the surpluses delivered by college. There was a small increase in student numbers in September 2019 as we try to control numbers. The surplus for 2019/20 is still healthy and we have achieved a high "good" financial health.

OPERATING AND FINANCIAL REVIEW /Continued...

Financial Health/Continued.....

We still deliver annual trading and cash surpluses and consider that costs are well controlled. We have a well-established business model and set prudent budgets which are then exceeded in the year. We have always delivered fairly modest surpluses but feel that most of our resources should be used to support students and their progress.

Student Numbers

In 2019/20 the College has delivered activity that has produced £9,579k in funding body main allocation funding (2018/19: £9,352k). The College had 2,253 16-18 students on role. The College was inspected in January 2017 by OfSTED. A short inspection was undertaken and the "good" grade was reconfirmed.

Student Achievements

Students continue to achieve well at the College. Results this year have been based on a combination of Centre Assessed grades (CAGs) and the Government algorithm. Retention is slightly down but has held up well considering the major disruption to college operations since March this year. These results are not to be included in the Ofsted judgement of colleges as they are not consistent with other examined years. There is likely to be a similar pattern of fluctuations in pass rates and retention throughout the country. In 2019/20 achievement is 90.0% (2019: 90.2%) We continue to strive for good outcomes for students.

At Aquinas we closely monitor curriculum development in our feeder schools and attempt to adapt our curriculum provision to match the needs and aspirations of our students. In recent years this has led to an expansion of vocational subjects to complement a largely academic provision. Provision at levels I and II is modest and new courses at level III tend to be introduced at a rate of one or two a year with the least popular courses disappearing at the same rate.

Clearly the impact on GCSE grades has led to more uncertainty this year. We have a particular focus on trying to get students on the most appropriate courses based on their prior attainment, whether this is the academic route or the vocational route. A great deal of time is spent with each student to assess their needs during several one to one interviews with a member of staff. This year we have had to place students on courses based on their grades but knowing that in some cases these may be inflated. We have introduced an additional series of checks and balances to further assess students in the early weeks of the course with a view to move them if they are finding it too difficult. Despite the result difficulties, we have supported students in securing a University place. Advice and guidance is also given to students looking for employment or apprenticeships and we have seen a growth in the number of students progressing to a Higher Level Apprenticeship. Our tutorial program evolves to support students in all aspects of their two year journey and their progression after college.

We continue to encourage students to select broad programmes of study to provide challenge and diversity and offer a high level of support, advice and guidance to assist them in making good decisions. We actively engage with the Local Authority in ensuring the full range of provision is available to the local population and are represented on the Strategic Management Partnership and 14-19 Strategy Group. A particular strength is in making students ready for the next stage in their lives.

The Adult and Continuing Education programme has a curriculum which is informed by local needs analysis in relation to regeneration and economic development. The programme features a curriculum which supports the ESFA-adult/GMCA national target to increase the number of adults with basic skills and offers a thriving curriculum for those wishing to return to work, upskill or get involved in leisure courses.

In 2019/20 we continued to deliver a franchised PGCE on behalf of the University of Bolton and all 7 students were successful on that course in the year.

OPERATING AND FINANCIAL REVIEW /Continued...

Payment Performance

The Late Payment of Commercial Debts (Interest) Act 1998, in the absence of agreement to the contrary, requires organisations to settle debts within 30 days. During the accounting period 1 August 2019 to 31 July 2020, the College paid 96.5 per cent of its invoices within that 30 days. The College incurred no interest charges in respect of late payment for this period.

Events after the end of the reporting period

There are no post balance sheet events to note.

Future Prospects

We have now occupied the new building for ten years. The size of the building was determined by the number of students on roll at the time. Whilst numbers have grown the building is flexible enough to accommodate this. The plan was for creeping growth of 20 students per year. Because of the difficulties of managing the oversubscription and predicting conversion rates we do experience some fluctuation (growth or small reduction) year on year as managing static student numbers remains an issue. Due to the GCSE results we grew by around 80 in September 2020 which was many more than expected. We do not yet know if retention will be affected as students may find courses challenging and may change direction more than in previous years.

We are getting close to the maximum number of students we feel is optimal for the College and whilst the large increase will help funding levels it is starting to put a strain on some specialist spaces in the building.

Despite the financial cuts already suffered, the College has managed the reduction in funding with a combination of natural wastage and staff leaving and not being replaced in full. As Linear A levels become embedded with the funding per student rather than by course, further work will be undertaken to manage staffing, tutorial, ethics and enrichment to deliver small surpluses and remain solvent.

Following the OfSTED inspection in January 2017 we received confirmation of the previous assessment of "Good". There were many positive comments about our care for students and student outcomes. We will continue with our quality and pastoral program to ensure that the College continues to provide the best opportunities for our students and staff and address the small number of areas which were highlighted as needing some attention.

Greater Manchester was in the first wave of Area Review. The outcome was that all Catholic Sixth Forms would remain as stand-alone institutions. Catholic colleges are still not able to academise due to their legal status but the Catholic Education Service are in negotiation with the DfE and we will consider this option when it becomes available to us.

The College has completed a two year plan in July 2020 and based on the new method of calculation of financial health, the College is assessed as Good for 2019/20 and 2020/21. The financial health measure is negatively affected by our level of borrowings. However around £1.24m of the total loan of £2.88m is repayable without penalty and should college decide to reduce this balance our financial health would obviously improve further. Presently we place this balance on deposit and earn sufficient interest to cover any financing costs.

The College continues to reorganise quality and pastoral teams and senior staff positions. Most students' program of study have now fallen from four to three subjects which has generated some further efficiencies which have been managed by natural wastage and staff asking for part time contracts. We anticipate that surpluses will be maintained in the coming years and our cash balances remain healthy so it is appropriate that we use the going concern method of accounting in the preparation of these accounts.

Staff and Student Involvement

The College is a vibrant community and surveys carried out as students leave constantly refer to the positive atmosphere and sense of respect which pervades the College. The College continues to grow and be successful. The College encourages staff and student involvement through membership of formal committees.

OPERATING AND FINANCIAL REVIEW /Continued...

RESOURCES

The College has various resources that it can deploy in pursuit of its strategic objectives.

Tangible resources include the main College site.

Financial

The College has £2.178million (2019: £3.273million) of net assets. A defined benefit scheme obligation of £4.568million (2019: £2.976million) for the college's share of the net GMPF liability and long term debt of £2.883million (2019: £3.069million) exist as at 31st July 2020. Tangible resources include the main college site, which consists of a £40million (2019: £40million) building completed in May 2010 and an associated sports hall and facilities.

People

The College employs 192 (2019: 186) people (expressed as full time equivalents), of whom 120 (2019: 114) are teaching staff.

Reputation

The College has an excellent reputation locally and nationally. Maintaining a quality brand is essential for the College's success at attracting students and external relationships.

Principal Risks and uncertainties

The College has undertaken further work during the year to develop and embed the system of internal control, including financial, operational and risk management which is designed to protect the College's assets and reputation. The governing body has overall responsibility for risk management and its approach to managing risks and internal controls is explained in the Statement on Corporate Governance.

Based on the strategic plan, the Assistant Principal Finance along with Senior Management Team (SLT) undertakes a comprehensive review of the risks to which the College is exposed. Systems and procedures are identified, including specific preventable actions which should mitigate any potential impact on the College. The internal controls are then implemented and the subsequent year's appraisal will review their effectiveness and progress against risk mitigation actions. In addition to the annual review, SLT will also consider any risks which may arise as a result of a new area of work being undertaken by the College.

A risk register is maintained at the College level which is reviewed at least annually by the Audit Committee and more frequently where necessary. The risk register identifies the key risks, the likelihood of those risks occurring, their potential impact on the College and the actions being taken to reduce and mitigate the risks. Risks are prioritised using a consistent scoring system.

Outlined below is a description of the principle risk factors that may affect the College. Not all the factors are within the College's control. Other factors besides those listed below may also adversely affect the College.

1. Government funding

The College has considerable reliance on continued government funding through the further education sector funding bodies. In 2019/20, 85.8% of the College's revenue was ultimately public funded and this level of requirement is expected to continue. There can be no assurance that government policy or practice will remain the same or that public funding will continue at the same levels or on the same terms.

The College is aware of several issues which may impact on future funding:

- The lagged student number formula means that managing our student numbers is important. There is some uncertainty in this regard as we try to manage our oversubscription.
- The continued pressure on public finances with pre-school and post 16 being the only parts of the education budget that are not ring fenced. This means any future savings are likely to come from these areas.
- The continued political pressure to create more academies and free schools.

OPERATING AND FINANCIAL REVIEW /Continued...

Principle risks and uncertainties/Continued....

- The A level now being linear could affect funding such as retention and achievement.
- The devolution of the adult education budget. The College, in conjunction with its key stakeholders, is developing a strategy in response to the devolution agenda.
- The funding of adult courses which is relying on the student to fund more of the course costs.
- Further changes to pension employer contributions of both TP and GMPF which are not covered by Government grants.

The risk is mitigated in a number of ways:

- By ensuring the College is rigorous in delivering high quality education and training.
- By managing the programs of study. The number of courses that students study has fallen to three as funding falls. With the tutorial program and Ethics course, students will still be full time as measured by the funding methodology.
- By placing considerable focus and investment on maintaining and managing key relationships with various funding bodies.
- By ensuring the College is focused on those priority sectors which will continue to benefit from public funding.
- By having regular dialogue with the local ESFA/GMCA/Local Authorities.

2. Maintain adequate funding of pension liabilities

The financial statements report the share of the Local Government Pension Scheme deficit on the College's balance sheet in line with the requirements of FRS 102. The employer's contribution rate has been increased by the GMPF to cover this cash deficit and no capital sums are required.

3. Failure to maintain the financial viability of the College

The College's current financial health grade is classified as "Good" as described above. This is largely the consequence of prudent budgeting and the continued close control of costs and adjustments made to staffing to reflect curriculum need. Notwithstanding that, the continuing challenge to the College's financial position remains the constraint on further education funding arising from the ongoing cuts in public sector spending whilst maintaining the student experience. This risk is mitigated in a number of ways:

- By rigorous budget setting procedures and sensitivity analysis
- Regular in year budget monitoring
- Robust financial controls
- Exploring ongoing procurement efficiencies

4. Covid 19

The college has had to react and adapt to the fundamental changes that the pandemic has brought. We have undertaken an extensive risk assessment process on all areas of the college operations. We have only included the main mitigations below:

- Addressed all areas of college to ensure that they are Covid compliant and socially distanced
- Assessed all staff especially those with additional risk factors and undertaken individual risk assessments
- Changed the timetable creating two streams so that students are in college one week and receiving lessons at home the following thereby significantly reducing the number of students on site at any time.
- Communicated regularly the Government messages to staff and students

OPERATING AND FINANCIAL REVIEW /Continued...

STAKEHOLDER RELATIONSHIPS

In line with other Colleges and with universities, Aquinas College has many stakeholders. These include:

- Students;
- Staff
- Funding Councils;
- Local authorities and Greater Manchester Combined Authority;
- Government Offices/Local Enterprise Partnerships;
- The local community;
- Other Further Education institutions;
- Sixth Form /Further Education Commissioner;
- Trade unions;
- Professional bodies; and
- Diocese of Shrewsbury.

The College recognises the importance of these relationships and engages in regular communication with them through the College Internet site and by meetings.

Taxation

The College is an exempt body as far as the Charity Act is concerned. The College is not liable for Governing Body tax.

Employment Policy

The employment policy of the College has been agreed by the Governing Body and reflects the mission statement. The College is aware of, and its practice is consistent with, the terms of the Disability Discrimination Act (2000) updated by the Special Education Needs and Disability Acts 2001 and 2005. The College has a Human Resources manager and where appropriate, checks its procedures with a Human Resources Service to ensure consistency in HR matters. The College accesses support from our insurance HR helpline and a local firm of solicitors should any legal advice be necessary. The College has increased both the teaching and support staff as student numbers have risen. Vacancies for teaching staff are advertised in The Times Educational Supplement and FE jobs. Support staff vacancies are advertised regionally or in professional journals.

Teachers and support staff are paid using Sixth Form College Employers Scales. All staff are paid on a monthly basis.

Equal Opportunities and Employment of Disabled Persons

The College is concerned to encourage staff to improve qualifications and support staff have been offered day release and their fees have been paid by the College. Teaching staff have five in service training days in each year. Staff are provided with briefings twice weekly. These are meetings at which matters of immediacy are discussed. Contributions come from anyone – they are not restricted to management announcements.

Notes are written up and published. More formal meetings are staff meetings and curriculum leaders meetings. In addition, there are small groups dealing with quality and curriculum. The senior leadership team meets weekly.

Aquinas College is committed to ensuring equality of opportunity for all those who learn and work here. We respect and value positively, differences in race, gender, sexual orientation, ability, class and age. We strive vigorously to remove conditions which place people at a disadvantage and we will actively combat bigotry. This policy will be resourced, implemented and monitored by managers and governors.

The College's Equality Policy and relevant data is published on the College's Internet site.

OPERATING AND FINANCIAL REVIEW /Continued...

Equal Opportunities and Employment of Disabled Persons/Continued...

The College considers all applications for employment from disabled persons, bearing in mind the aptitudes of the individual concerned and any reasonable adaptations required at interview or employment are considered and implemented where possible. Where an existing employee becomes disabled every effort is made to ensure that employment with the College continues. The College's policy is to provide training, career development and opportunities for promotion which are, as far as possible, identical to those for other employees.

Disability Statement

The College seeks to achieve the objectives set down in the Equality Act 2010 and in particular makes the following commitments:

- The new College buildings are fully DDA compliant;
- There is a list of specialist equipment, which the College can make available for use by students;
- The admissions policy for all students is described in the College prospectus. Appeals against a decision not to offer a place are dealt with under the complaints policy;
- The College had made a significant investment in the appointment of specialist teachers to support students with learning difficulties and/or disabilities. There are a number of learning support assistants who can provide a variety of support for learning. There is a continuing programme of staff development to ensure the provision of a high level of appropriate support for students who have learning difficulties and/or disabilities;
- Specialist programmes are described in programme information guides, and achievements and destination are recorded and published in the standard College format; and
- Counselling and welfare services are described on the student intranet.

Trade union facility time

The Trade Union (Facility Time Publication Requirements) Regulations 2017 require the college to publish information on facility time arrangements for trade union officials at the college

Numbers of employees who were relevant union official during the period	FTE employee number
2	2

Percentage of time	Number of employees
0%	0
1-50%	2
51-99%	0
100%	0

Total cost of facility time	£3k
Total pay bill	£4,646k
Percentage of total bill spent on facility time	0.07%
Time spent on paid trade union activities as a percentage of total paid facility time	N/A

OPERATING AND FINANCIAL REVIEW /Continued...

The report of the members of the Governing Body was approved by the members on *24.11.20* and signed on its behalf by:



.....
T P McGee

Chairperson

STATEMENT OF CORPORATE GOVERNANCE AND INTERNAL CONTROL

The following statement is provided to enable readers of the annual report and accounts of the College to obtain a better understanding of its governance and legal structure.

The College endeavours to conduct its business:

- in accordance with the seven principles identified by the Committee on Standards in Public Life (selflessness, integrity, objectivity, accountability, openness, honesty and leadership); and
- in full accordance with the guidance to Colleges from the Association of Colleges in The English Colleges' Foundation Code of Governance ("the Code").

The College is committed to exhibiting best practice in all aspects of corporate governance. We have not formally adopted the UK Corporate Governance Code as Catholic institutions were advised that some aspects of the Code conflicted with the Diocesan Trust Deed. However, we have reported on our Corporate Governance arrangements by drawing upon best practice available, including those aspects of the UK Corporate Governance Code we consider to be relevant to the further education sector and best practice. In the opinion of the Governors, the College complies with all the provisions of the Code, and it has complied throughout the year ended 31 July 2020. The Governing Body recognises that, as a body entrusted with both public and private funds, it has a particular duty to observe the highest standards of corporate governance at all times.

The Governing Body

The members who served the Governing Body during the year and up to the date of signature of this report were as listed in Table 1.

Table 1: Governors serving on the College Board during 2019/20					
Name	Date of Appointment/ Re-appointment	Term of Office	Status of Appointment	Committees Served	Attendance
T P McGee	01/09/16	4 years	Foundation	Chair Governing Body, & Teaching and Learning General purposes and Employment	3 / 3
L J Byrne	01/09/16	4 years	Foundation	Remuneration and Vice Chair General Purposes and Employment	2 / 3
M Braithwaite	01/09/16	4 years	Foundation	Chair Resources, Vice Chair Remuneration Teaching and Learning	3 / 3
D Pearson	01/06/11	Term of office	Principal	Teaching and Learning, Resources	3 / 3
C H Dove	01/09/16	4 years	Foundation	Chair Remuneration, Audit	2 / 3
A Martin	01/01/20	4 years	Foundation	Chair Audit Teaching and Learning	3 / 3

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STATEMENT OF CORPORATE GOVERNANCE AND INTERNAL CONTROL /Continued...

Table 1: Governors serving on the College Board during 2019/20 Continued.....

Name	Date of Appointment/ Re-appointment	Term of Office	Status of Appointment	Committees Served	Attendance
Mr M Taylor	11/12/18	4 years	Foundation	Teaching and Learning General Purposes & Employment	2 / 3
G Hynes	01/09/19	4 years	Foundation	General Purposes & Employment, Teaching and Learning	3 / 3
Dr A Smith	18/09/18	4 years	Foundation Governors	Vice Chair Teaching and Learning, General Purposes & Employment	3 / 3
P Carter	26/03/18	4 years	Foundation	Vice Chair Resources	3 / 3
J Miller	23/04/19	4 Years	Foundation	Vice Chair Governing Body, Vice Chair Audit General Purposes and Employment	2 / 3
P Horton	11/11/16	4 years	Foundation	Chair General Purposes and Employment, Resources, Remuneration	3 / 3
Ms E Urbancova	01/09/18	3 years	Parent Governor	General Purposes & Employment	2 / 3
R Harris	01/09/17	4 years	Staff Governor	Teaching and Learning	2 / 3
A Taylor	01/09/17- 29/02/2020	4 years	Staff Governor	Resources	1 / 3
J Siddall	01/03/20 to 31/08/21	4 years	Staff Governor	Resources	2 / 3
Dr P C Beatty	01/09/16	4 years	Co-opted Governor	Chair Teaching and Learning, General Purposes, Employment	3 / 3
Miss S Howard	01/01/19 – 31/07/19	1 year	Student Member	Resources, General Purposes and Employment, Teaching and Learning	1 / 1
Miss A Aspacio	01/03/20 to 31/12/20	1 year	Student Member	Resources, Teaching and Learning. General Purposes	2 / 3
Miss K O'Callaghan	27/05/19 – 29/02/20	As Stated	Student Member	Resources, Teaching and Learning. General Purposes and Employment	1 / 1
Miss E Shuttlewood	01/03/20 to 31/12/20	As Stated	Student Member	Resources, Teaching and Learning. General Purposes	2 / 3
I Anwar	01/01/17	Not member of governing body/independent – Audit			
M Garratt	01/03/17	Not member of governing body/independent - Audit			

T Conlon acts as an independent clerk to the Governing Body.

It is the Governing Body's responsibility to bring independent judgement to bear on issues of strategy, performance, resources and standards of conduct.

STATEMENT OF CORPORATE GOVERNANCE AND INTERNAL CONTROL /Continued...

The Governing Body is provided with regular and timely information on the overall financial performance of the College together with other information such as performance against funding targets, proposed capital expenditure, quality matters and personnel related matters such as health and safety and environmental issues. The Governing Body meets on a termly basis.

The Governing Body conducts its business through a number of committees. Each committee has terms of reference, which have been approved by the Governing Body. These committees are teaching and learning, resources, general purposes and employment, remuneration and audit. Full minutes of all meetings are available on the College's website at www.aquinas.ac.uk or from the clerk to the Governing Body at:-

Aquinas College
Nangreave Road
Stockport, SK2 6TH

The clerk to the Governing Body maintains a register of financial and personal interests of the governors. The register is available for inspection at the above address.

All governors are able to take independent professional advice in furtherance of their duties at the College's expense and have access to the clerk to the Governing Body, who is responsible to the Board for ensuring that all applicable procedures and regulations are complied with. The appointment and removal of the clerk are matters for the Governing Body as a whole.

Formal agendas, papers and reports are supplied to governors in a timely manner, prior to Board meetings. Briefings are also provided on an ad-hoc basis.

The Governing Body has a strong and independent non-executive element and no individual or group dominates its decision making process. The Governing Body considers that each of its non-executive members is independent of management and free from any business or other relationship which could materially interfere with the exercise of their independent judgement.

There is a clear division of responsibility in that the roles of the Chairman and Principal are separate.

Due to Covid the pattern of meeting changed in the summer term. The audit committee held a virtual meeting with full attendance of the committee and auditors. The full governing Body also met virtually and rather than receiving the work of the other committees undertook all relevant work within the full Governing Body meeting.

The college was able to either suspend at no cost or undertake normal statutory visits during the summer term under socially distanced protocols. The only service which required the Procurement policy notice issued by Government was for the cleaning contract. For the period of lockdown, the college continued to pay this contract to ensure that the cleaning company did not have to furlough cleaning staff. A process was undertaken to obtain a refund for those elements of the contract where costs were saved by the cleaning company during the period.

Appointments to the Governing Body

The Foundation Governors are appointed by the Bishop of Shrewsbury. The two staff governors, the parent governor and two student governors are elected by their respective groups. There remains only two co-opted governors for which a search committee would be required and this would be instigated on an as necessary basis when new co-opted governors were needed. The Governing Body is responsible for ensuring that appropriate training is provided as required.

Members of the Governing Body are appointed for a term of office not exceeding four years.

Governing Body performance

The Governing Body has undertaken a self-assessment review and evaluation of performance for the year ended 31 July 2020. They have undertaken a review on Effective Governance and self-assessed their performance for the year. Outcomes were extremely positive with an action plan being compiled for any areas identified for improvement. Outcomes were documented in the meeting of 24 November 2020.

STATEMENT OF CORPORATE GOVERNANCE AND INTERNAL CONTROL /Continued...

Governing Body performance/Continued...

Each committee also self-assessed their performance in the year with respect to their effectiveness and provision of information received from College and external parties.

Remuneration Committee

Throughout the year ended 31 July 2020, the College's remuneration committee comprised a Chairman and three other members of the Governing Body. The committee's responsibilities are to make recommendations to the Board on the remuneration and benefits of the Principal and other key management personnel.

Details of remuneration for the year ended 31 July 2020 are set out in Notes 7 and 8 to the financial statements.

Audit Committee

The audit committee comprises a Chairman and two other members of the Governing Body (excluding the Principal and Chair). In addition, there are two independent co-opted members, who are not on the Governing Body. The committee operates in accordance with written terms of reference approved by the Governing Body.

The audit committee meets on a termly basis and provides a forum for reporting by the College's internal, regularity and financial statements auditors, who have access to the Committee for independent discussion, without the presence of College management. The Committee also receives and considers reports from the main FE funding bodies as they affect the College's business.

The College's internal auditors review the systems of internal control, risk management controls and governance processes in accordance with an agreed plan of input and report their findings to management and the Audit Committee. Management are responsible for the implementation of agreed recommendations and internal audit undertake periodic follow up reviews to ensure such recommendations have been implemented.

The audit committee also advises the Governing Body on the appointment of internal and financial statement auditors and their remuneration for both audit and non-audit work as well as reporting annually to the Governing Body.

Internal Control

Scope of responsibility

The Governing Body is ultimately responsible for the College's system of internal control and for reviewing its effectiveness. However, such a system is designed to manage rather than eliminate the risk of failure to achieve business objectives, and can provide only reasonable and not absolute assurance against material misstatement or loss.

The Governing Body has delegated the day to day responsibility to the Principal, as Accounting Officer for maintaining a sound system of internal control that supports the achievement of the College's policies, aims and objectives, whilst safeguarding the public funds and assets for which he is personally responsible, in accordance with the responsibilities assigned to him in the Financial Agreement between the College and the funding bodies. He is also responsible for reporting to the Governing Body any material weaknesses or breakdowns in internal financial control.

The Purpose of the System of Internal Control

The system of internal control is designed to manage risk to a reasonable level rather than to eliminate all risk of failure to achieve policies, aims and objectives; it can therefore only provide reasonable and not absolute assurance of effectiveness. The system of internal control is based on an on-going process designed to identify and prioritise the risks to the achievement of College policies, aims and objectives, to evaluate the likelihood of those risks being realised and the impact should they be realised, and to manage them efficiently, effectively and economically. The system of internal control has been in place in Aquinas College for the year ended 31 July 2020 and up to the date of approval of the annual report and accounts.

STATEMENT OF CORPORATE GOVERNANCE AND INTERNAL CONTROL /Continued...

Capacity to Handle Risk

The Governing Body has reviewed the key risks to which the College is exposed, together with the operating, financial and compliance controls that have been implemented to mitigate those risks. The Governing Body is of the view that there is a formal on-going process for identifying, evaluating and managing the College's significant risks that has been in place for the period ending 31 July 2020 and up to the date of approval of the annual report and accounts. This process is regularly reviewed by the Governing Body.

The Risk and Control Framework

The system of internal control is based on a framework of regular management information, administrative procedures including the segregation of duties, and a system of delegation and accountability. In particular, it includes:

- Comprehensive, budgeting systems with an annual budget, which is reviewed and agreed by the governing body
- Regular reviews by the governing body of periodic and annual financial reports which indicate financial performance against forecasts
- Setting targets to measure financial and other performance
- Clearly defined capital investment control guidelines
- The adoption of formal project management disciplines, where appropriate.

The College has an internal audit service, which operates in accordance with the requirements of the ESFA's Post 16 Audit Code of Practice. The work of the internal audit service is informed by an analysis of the risks to which the College is exposed, and annual internal audit plans are based on this analysis. The analysis of risks and the internal audit plans are endorsed by the Governing Body on the recommendation of the audit committee. At minimum annually, the Chair of Internal Audit (CIA) provides the governing body with a report on internal audit activity in the College. The report includes the CIA's independent opinion on the adequacy and effectiveness of the College's system of risk management controls and governance processes.

The audit committee approves the risk policy, risk register and the college's assessment of risks and mitigation annually. At each subsequent meeting the college produces a risk report to reflect the active management of pertinent risks as the college year progresses. In addition the Principal and Chair of Governors have very regular meetings to discuss the management of the college and the mitigation of risks faced.

Review of Effectiveness

As Accounting Officer, the Principal has responsibility for reviewing the effectiveness of the system of internal control. The Principal's review of the effectiveness of the system of internal control is informed by:

- The work of the internal auditors.
- The work of the executive managers within the College who have responsibility for the development and maintenance of the internal control framework.
- Comments made by the College's financial statements and regularity auditors in their management letter and other reports.

The Principal has been advised on the implications of the result of his review of the effectiveness of the system of internal control by the audit committee which oversees the work of the internal auditor and other sources of assurance, and a plan to address weaknesses and ensure continuous improvement of the system is in place.

STATEMENT OF CORPORATE GOVERNANCE AND INTERNAL CONTROL /Continued...

The senior management team receives reports setting out key performance and risk indicators and considers possible control issues brought to their attention by early warning mechanisms, which are embedded within the departments and reinforced by risk awareness training. The senior management team and the audit committee also receive regular reports from internal audit and other sources of assurance which include recommendations for improvement. The audit committee's role in this area is confined to a high-level review of the arrangements for internal control. The Governing Body's agenda includes a regular item for consideration of risk and control and receives reports thereon from the senior management team and the audit committee. The emphasis is on obtaining the relevant degree of assurance and not merely reporting by exception. At its 24 November 2020 meeting, the Governing Body carried out the annual assessment for the year ended 31 July 2020 by considering documentation from the senior management team and internal audit, and taking account of events since 31 July 2020.

The Audit Committee's Terms of reference were reviewed at the Spring term meetings. It is the view of the Audit Committee that it has fulfilled its terms of reference and operated in an effective and efficient manner.

Based on the advice of the Audit Committee and the Principal, the Governing Body is of the opinion that the College has an adequate and effective framework for governance, risk management and control, and has fulfilled its statutory responsibility for "the effective and efficient use of resources, the solvency of the institution and the body and the safeguarding of their assets".

The internal auditors annually review an aspect of learner numbers to satisfy Governors that the information sent to the ESFA is robust. The audit this year looked at student eligibility and data included in the ILR. Whilst this audit was advisory, they were satisfied that the ILR accurately reflected the latest ESFA guidance.

Going Concern

The college has undertaken a thorough review in producing the 2 year plan. The College continues to enjoy a strong reputation for supporting students and achieving excellent results. This in turn means that the College is heavily oversubscribed for places so whilst not complacent we feel that student numbers are robust. The plan is predicated on a small growth of 20 students each year. For the last number of years the college has delivered good surpluses and a healthy positive cash flow. We now hold a good cash balance and have flexibility to reduce our debts should we choose to do so.

We continue to review staffing and structures so that we can make management teams more efficient and reactive. We will continue to review Programs of study and allow most students to only study three courses which is consistent with the new linear A levels. This in turn will allow further efficiencies.

The outcome of the Area Review allowed the College to continue as a stand alone institution recognising the strength of the brand and the finances of the College. We continue with our Catholic partners to investigate efficiencies within our cost base.

The regular review of the bank covenants has been undertaken and all results are comfortably within the covenants set. These have been shared with the bank who are comfortable with the information. Due to the lockdown we have seen significant savings in non pay costs and have delivered a surplus significantly in excess of our forecast figures in February. Cash balances continue to improve. We have also recruited 60 more students than we had budgeted for which will improve funding for 2021/22. There is some uncertainty with these students due to the predicted rather than examined outcome for summer 2020 but we have good processes in place to support them.

For the first time in many years, funding has been increased and we received more than a million pounds in extra funding for 2020/21. The initial budget surplus set for 2020/21 is significantly higher than the starting point for 2019/20 and is based on very prudent budgeting with more contingency within it than has been possible in prior years. This should ensure that we again produce a cash positive outcome in 2020/21 to add to the already healthy cash balances held.

After making appropriate enquiries, the Governing Body therefore considers that the College has adequate resources to continue in operational existence for the foreseeable future. For this reason they continue to adopt the going concern basis in preparing the financial statements.

STATEMENT OF CORPORATE GOVERNANCE AND INTERNAL CONTROL /Continued...

Disclosure of information to auditors

The members who held office at the date of approval of this report confirm that so far as they are each aware, there is no relevant audit information of which the College's auditors are unaware and each member has taken all the steps that he or she ought to have taken to be him or herself aware of any relevant audit information and to establish that the College's auditors are aware of that information.

Signed on behalf of the Governing Body:


.....
Chair: T P McGee

Date:


.....
Principal: D Pearson (Accounting Officer)

Date: 3.12.20


GOVERNING BODY'S STATEMENT ON THE COLLEGE'S REGULARITY, PROPRIETY AND COMPLIANCE WITH FUNDING BODY TERMS AND CONDITIONS OF FUNDING

The Governing Body has considered its responsibility to notify the Education and Skills Funding Agency (ESFA) of material irregularity, impropriety and non-compliance with terms and conditions of funding, under the college's Grant Funding agreement with the ESFA. As part of its consideration the Governing Body has had due regard to the requirements of the Grant Funding Agreement with the ESFA.

We confirm on behalf of the Governing Body, that after due enquiry, and to the best of our knowledge, we are able to identify any material irregular or improper use of funds by the College, or material non-compliance with the terms and conditions of funding under the College's grant funding agreements and contract with ESFA.

We confirm that no instances of material irregularity, impropriety or funding non-compliance have been discovered to date. If any instances are identified after the date of this statement, these will be notified to the ESFA.

Signed on behalf of the Governing Body:


.....

Chair: T P McGee

Date: 24.11.20.....


.....

Principal: D Pearson (Accounting Officer)

Date: 24/11/20.....

Statement of Responsibilities of the Members of the Governing Body

The members of the Governing Body, as charity trustees, are required to present audited financial statements for each financial year.

Within the terms and conditions of the college's grant funding agreements and contracts with ESFA, the Governing Body – through its accounting officer – is required to prepare financial statements and an operating and financial review for each financial year in accordance with the 2015 Statement of Recommended Practice – Accounting for Further and Higher Education, ESFA's college accounts direction and the UK's Generally Accepted Accounting Practice, and which give a true and fair view of the state of affairs of the college and its surplus / deficit of income over expenditure for that period.

In preparing the financial statements, the Governing Body is required to:

- select suitable accounting policies and apply them consistently
- make judgements and estimates that are reasonable and prudent
- state whether applicable Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements
- prepare financial statements on the going concern basis, unless it is inappropriate to assume that the College will continue in operation.

The Governing Body is also required to prepare a Members' Report which describes what it is trying to do and how it is going about it, including information about the legal and administrative status of the college.

The Governing Body is responsible for keeping proper accounting records which disclose, with reasonable accuracy at any time, the financial position of the college and which enable it to ensure that the financial statements are prepared in accordance with relevant legislation including the Further and Higher Education Act 1992 and Charities Act 2011, and relevant accounting standards. It is responsible for taking steps that are reasonably open to it to safeguard its assets and to prevent and detect fraud and other irregularities.

The Governing Body is responsible for the maintenance and integrity of the college's website; the work carried out by auditors does not involve consideration of these matters and, accordingly, the auditors accept no responsibility for any changes that may have occurred to the financial statements since they were initially presented on the website. Legislation in the United Kingdom governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

Members of the Governing Body are responsible for ensuring that expenditure and income are applied for the purposes intended by Parliament and that the financial transactions conform to the authorities that govern them. In addition, they are responsible for ensuring that funds from ESFA are used only in accordance with ESFA's grant funding agreements and contracts and any other conditions that may be prescribed from time to time. Members of the Governing Body must ensure that there are appropriate financial and management controls in place to safeguard public and other funds and ensure they are used properly. In addition, members of the Governing Body are responsible for securing economical, efficient and effective management of the college's resources and expenditure so that the benefits that should be derived from the application of public funds from ESFA are not put at risk.

Approved by order of the Governing Body on.....24.11.20..... and signed on its behalf by:



Chair: T P McGee

Date: 24.11.20

Independent auditor's report to the members of Aquinas College

Opinion

We have audited the financial statements of Aquinas College (the 'College') for the year ended 31 July 2020 which comprise the Statement of Comprehensive Income and Expenditure, the Statement of Changes in Reserves, the Balance Sheet, the Cash Flow Statement and notes to the financial statements, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland" (United Kingdom Generally Accepted Accounting Practice) and the 2019 Statement of Recommended Practice: Accounting for Further and Higher Education.

In our opinion, the financial statements:

- give a true and fair view of the state of the College's affairs as at 31 July 2020 and of the College's deficit of expenditure over income for the year then ended; and
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the financial statements section of our report. We are independent of the College in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Conclusions relating to going concern

We have nothing to report in respect of the following matters in relation to which the ISAs (UK) require us to report to you where:

- the Governing Body's use of the going concern basis of accounting in the preparation of the financial statements is not appropriate; or
- the Governing Body have not disclosed in the financial statements any identified material uncertainties that may cast significant doubt about the College's ability to continue to adopt the going concern basis of accounting for a period of at least twelve months from the date when the financial statements are authorised for issue.

Other information

The members of the Governing Body are responsible for the other information. The other information comprises the information included in the annual report, other than the financial statements and our auditor's report thereon. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon. In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether there is a material misstatement in the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

Matters on which we are required to report by exception

We have nothing to report in respect of the following matters where the Post 16 Audit Code of Practice issued by the Education and Skills Funding Agency 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

Independent auditor's report to the members of Aquinas College/Cont..

Matters on which we are required to report by exception/Cont..

- the financial statements are not in agreement with the accounting records and returns; or
- the information given in the report of the Members of the Governing Body, including the operating and financial review and statement of corporate governance, is inconsistent with the financial statements; and
- we have not received all the information and explanations we require for our audit.

Responsibilities of the Governing Body

As explained more fully in the Statement of Responsibilities of the Members of the Governing Body set out on page 21, the Governing Body is responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the Governing Body determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the Governing Body is responsible for assessing the College's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Governing Body either intend to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements. A further description of our responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website at www.frc.org.uk/auditorsresponsibilities. This description forms part of our auditor's report.

Use of the audit report

This report is made solely to the Governing Body as a body in accordance with Article 22 of the College's Articles of Government. Our audit work has been undertaken so that we might state to the Governing Body 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 College and the Governing Body as a body for our audit work, for this report, or for the opinions we have formed.

Mazars LLP
Chartered Accountants and Statutory Auditor
One St Peter's Square
Manchester
M2 3DE

Date 16 DECEMBER 2020

To: The Governing Body of Aquinas College and Secretary of State for Education acting through Education and Skills Funding Agency (“ESFA”) and Greater Manchester Combined Authority

In accordance with the terms of our engagement letter dated 15 September 2020 and further to the requirements and conditions of funding in ESFA’s grant funding agreements and contracts, or those of any other public funder including Greater Manchester Combined Authority, we have carried out an engagement to obtain limited assurance about whether anything has come to our attention that would suggest, in all material respects, the expenditure disbursed and income received by Aquinas College during the period 1 August 2019 to 31 July 2020 have not been applied to the purposes identified by Parliament and the financial transactions do not conform to the authorities which govern them.

The framework that has been applied is set out in the Post 16 Audit Code of Practice (“the Code”) issued by the ESFA and in any relevant conditions of funding concerning adult education notified by a relevant funder. In line with this framework, our work has specifically not considered income received from the main funding grants generated through the Individualised Learner Record data returns, for which the ESFA or devolved authority has other assurance arrangements in place.

This report is made solely to the Governing Body of Aquinas College and the ESFA and Greater Manchester Combined Authority in accordance with the terms of our engagement letter. Our work has been undertaken so that we might state to the Governing Body of Aquinas College and the ESFA and Greater Manchester Combined Authority those matters we are required to state in a 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 Governing Body of Aquinas College and the ESFA and Greater Manchester Combined Authority for our work, for this report, or for the conclusion we have formed.

Respective responsibilities of Aquinas College and the reporting accountant

The Governing Body of Aquinas College is responsible, under the requirements of the Further & Higher Education Act 1992, subsequent legislation and related regulations and guidance, for ensuring that expenditure disbursed and income received is applied for the purposes intended by Parliament and the financial transactions conform to the authorities which govern them.

Our responsibilities for this engagement are established in the United Kingdom by our profession’s ethical guidance and are to obtain limited assurance and report in accordance with our engagement letter and the requirements of the Code. We report to you whether anything has come to our attention in carrying out our work which suggests that in all material respects, expenditure disbursed and income received during the period 1 August 2019 to 31 July 2020 have not been applied to purposes intended by Parliament or that the financial transactions do not conform to the authorities which govern them.

Approach

We conducted our engagement in accordance with the Code issued by the ESFA and in accordance with any guidance provided by a relevant devolved authority. We performed a limited assurance engagement as defined in that framework.

The objective of a limited assurance engagement is to perform such procedures as to obtain information and explanations in order to provide us with sufficient appropriate evidence to express a negative conclusion on regularity.

A limited assurance engagement is more limited in scope than a reasonable assurance engagement and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in a reasonable assurance engagement. Accordingly, we do not express a positive opinion.

Our engagement includes examination, on a test basis, of evidence relevant to the regularity of the college’s income and expenditure.

To: The Governing Body of Aquinas College and Secretary of State for Education acting through Education and Skills Funding Agency (“ESFA”) and Greater Manchester Combined Authority

The work undertaken to draw to our conclusion includes:

- Reviewed the statement on the College’s regularity, propriety and compliance with Funding body terms and conditions of funding.
- Reviewed the College’s completed self-assessment questionnaire on regularity.
- Read the funding agreement with the ESFA.
- Tested a sample of expenditure disbursed and income received to consider whether they have been applied to purposes intended by Parliament and in accordance with funding agreements where relevant.
- Reviewed approved policies and procedures operating during the year for each funding stream that has specific terms attached
- Obtained the policy for personal gifts and/or hospitality.
- Obtained the register of personal interests.
- Obtained the financial regulations/financial procedures.
- Obtained the College’s whistleblowing policy.

Conclusion

In the course of our work, nothing has come to our attention which suggests that in all material respects the expenditure disbursed and income received during the period 1 August 2019 to 31 July 2020 has not been applied to purposes intended by Parliament and the financial transactions do not conform to the authorities which govern them.

Signed:
Mazars LLP
Date:

Mazars LLP

16 DECEMBER 2020

AQUINAS COLLEGE
Report and Financial Statements – Year ended 31 July 2020

STATEMENT OF COMPREHENSIVE INCOME AND EXPENDITURE
for the year ended 31 July 2020

	Note	2020 £'000	2019 £'000
Income			
Funding body grants	2	10,523	10,024
Tuition fees and education contracts	3	168	190
Other grants and contracts	4	41	-
Other income	5	1,024	1,233
Investment income	6	65	44
Total income		11,821	11,491
Expenditure			
Staff costs	7	8,721	8,131
Other operating expenses	8	2,038	2,264
Depreciation	11	830	842
Interest and other finance costs	9	178	169
Total expenditure		11,767	11,406
Surplus before other gains and losses		54	85
Surplus for the year		54	85
Actuarial loss in respect of pensions		(1,149)	(904)
Total Comprehensive Income and Expenditure for the year		(1,095)	(819)

The statement of comprehensive income and expenditure is in respect of continuing activities.

AQUINAS COLLEGE
Report and Financial Statements – Year ended 31 July 2020

COLLEGE STATEMENT OF CHANGES IN RESERVES
for the year ended 31 July 2020

	Note	Income and Expenditure account	Revaluation reserve	Total
		£'000	£'000	£'000
Balance at 31st July 2018		3,254	838	4,092
Surplus from statement of comprehensive income and expenditure		85	-	85
Other comprehensive income and expenditure		(904)	-	(904)
Total comprehensive income for the year		(819)	-	(819)
Balance at 31 July 2019		2,435	838	3,273
Surplus from statement of comprehensive income and expenditure		54	-	54
Other comprehensive income and expenditure		(1,149)	-	(1,149)
Total comprehensive income for the year		(1,095)	-	(1,095)
Balance at 31 July 2020		1,340	838	2,178

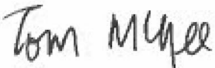
AQUINAS COLLEGE
Report and Financial Statements – Year ended 31 July 2020

BALANCE SHEET
as at 31 July 2020


	Note	2020 £'000	2019 £'000
Non-current assets			
Tangible fixed assets	11	34,646	35,433
		<hr/>	<hr/>
Current assets			
Trade and other receivables	12	126	99
Current Investments	13	4,000	5,750
Cash and cash equivalents	20	2,982	970
		<hr/>	<hr/>
		7,108	6,819
		<hr/>	<hr/>
Creditors: amounts falling due within one year	14	(2,213)	(2,371)
		<hr/>	<hr/>
Net current assets		4,895	4,448
		<hr/>	<hr/>
Total assets less current liabilities		39,541	39,881
Creditors: amounts falling due after more than one year	15	(32,795)	(33,632)
Provisions: Defined benefit obligations	16	(4,568)	(2,976)
		<hr/>	<hr/>
TOTAL NET ASSETS		2,178	3,273
		<hr/>	<hr/>
Reserves			
Revaluation reserve	17	838	838
Income and expenditure account	17	1,340	2,435
		<hr/>	<hr/>
TOTAL RESERVES		2,178	3,273
		<hr/>	<hr/>

The financial statements on pages 26 to 50 were approved by the governing body on 24.11.20 and were signed on its behalf by:-

T P McGee
 Chairperson



D Pearson
 Principal (Accounting Officer)



STATEMENT OF CASH FLOWS

	Notes	2020 £'000	2019 £'000
Cash flow from operating activities			
Deficit for the year		(1,095)	(819)
Adjustment for non-cash items			
Depreciation		830	842
Increase in debtors		(27)	(16)
Decrease in creditors due within one year		(164)	(81)
Release of deferred government capital grant		(646)	(620)
Pensions costs less contributions payable		1,592	1,360
		<u>1,585</u>	<u>1,485</u>
Adjustment for investing or financing activities			
Investment income		(65)	(44)
Interest payable		111	118
Capital grant receipt		-	149
		<u>46</u>	<u>223</u>
Net cash flow from operating activities		<u>536</u>	<u>889</u>
Cash flows from investing activities			
Investment income		65	44
Reduction/(increase) in new deposits		1,750	(800)
Payments made to acquire fixed assets		(43)	(123)
		<u>1,772</u>	<u>(879)</u>
Cash flows from financing activities			
Interest paid		(111)	(118)
Repayments of amounts borrowed		(186)	(182)
		<u>(297)</u>	<u>(300)</u>
Increase in cash and cash equivalents in the year		<u>2,012</u>	<u>(290)</u>
Cash and cash equivalents at beginning of the year	20	970	1,260
Cash and cash equivalents at end of the year	20	2,982	970

New deposits

The college does not now get paid interest on the current account so we have placed increasing sums on deposit as funds allow. In order to disclose a higher year end cash at bank balance, more funds have been placed in a 32 day deposit account at the year end, thus reducing the amount on longer term deposit by £1.75m. The underlying cash generated by operations in 2019/20 is therefore £262k.

NOTES TO THE FINANCIAL STATEMENTS

1. ACCOUNTING POLICIES

Statement of Accounting Policies

The following accounting policies have been applied consistently in dealing with items which are considered material in relation to the financial statements.

Basis of preparation

These financial statements have been prepared in accordance with the Statement of Recommended Practice: Accounting for Further and Higher Education 2019 (the 2019 FE HE SORP), the College Accounts Direction for 2019 to 2020 and in accordance with Financial Reporting Standard 102 – “The Financial Reporting Standard applicable in the United Kingdom and Republic of Ireland” (FRS 102). The College is a public benefit entity and has therefore applied the relevant public benefit requirements of FRS 102.

The preparation of financial statements in compliance with FRS 102 requires the use of certain critical accounting estimates. It also requires management to exercise judgement in applying the College's accounting policies.

Basis of accounting

These financial statements are prepared in accordance with the historical cost convention as modified by the use of previous valuations as deemed cost at transition for certain non-current assets.

Going Concern

The activities of the College, together with the factors likely to affect its future development and performance are set out in these statutory accounts. The financial position of the College, its cash flow, liquidity and borrowings are described in the Financial Statements and accompanying Notes.

The College currently has £2.88m of loans outstanding with bankers on terms negotiated in 2008. The terms of the existing agreement are for up to another 16 years. Around £1.24m of these loans may be repaid without penalty before the end of the term. The College's forecasts and financial projections indicate that it will be able to operate within this existing facility and covenants for the foreseeable future.

Accordingly the College has a reasonable expectation that it has adequate resources to continue in operational existence for the foreseeable future, and for this reason will continue to adopt the going concern basis in the preparation of its Financial Statements.

Recognition of income

Government revenue grants include funding body recurrent grants and other grants and are accounted for under the performance model as permitted by FRS 102. Funding body recurrent grants are measured in line with best estimates for the period of what is receivable and depend on the particular income stream involved. Any under or over achievement for the Adult Education Budget is adjusted for and reflected in the level of recurrent grant recognised in the statement of comprehensive income and expenditure. The final grant income is normally determined with the conclusion of the year end reconciliation process with the funding body following the year end, and the results of any funding audits. 16-18 learner-responsive funding is not normally subject to reconciliation and is therefore not subject to contract adjustments.

Grants (including research grants) from non-government sources are recognised in income when the College is entitled to the income and performance related conditions have been met. Income received in advance of performance related conditions being met is recognised as deferred income within creditors on the balance sheet and released to income as the conditions are met.

NOTES TO THE FINANCIAL STATEMENTS / Continued ...

1. ACCOUNTING POLICIES / Continued ...

Government capital grants are capitalised, held as deferred income and recognised in income over the expected useful life of the asset, under the accrual method as permitted by FRS 102. Other capital grants are recognised in income when the College is entitled to the funds subject to any performance related conditions being met.

The recurrent grants from the ESFA represent the funding allocations attributable to the current financial year and are credited directly to the statement of comprehensive income and expenditure. Recurrent grants are recognised in line with planned activity.

Non-recurrent grants from the funding bodies received in respect of the acquisition of fixed assets are treated as deferred capital grants and amortised in line with depreciation over the life of the assets.

Fee Income

Income from tuition fees is stated gross of any expenditure which is not a discount and is recognised in the period for which it is received.

Investment income

All income from short-term deposits is credited to the statement of comprehensive income and expenditure in the period in which it is earned on a receivable basis.

Accounting for Post-retirement benefits

Retirement benefits to employees of the College are provided by the Teachers' Pension Scheme (TPS) and the Local Government Pension Scheme (LGPS). These are defined benefit schemes which are externally funded and contracted out of the State Second Pension.

Teachers' Pension scheme

The TPS is an unfunded scheme. Contributions to the TPS are calculated so as to spread the cost of pensions over employees' working lives with the College in such a way that the pension cost is a substantially level percentage of current and future pensionable payroll. The contributions are determined by qualified actuaries on the basis of valuations using a prospective benefit method. The TPS is a multi-employer scheme and there is insufficient information available to use defined benefit accounting. The TPS is therefore treated as a defined contribution plan and the contributions recognised as an expense in the income statement in the periods during which services are rendered by employees.

Greater Manchester Pension Fund (GMPF)

GMPF is a funded scheme. The assets of the LGPS are measured using closing fair values. LGPS liabilities are measured using the projected unit credit method and discounted at the current rate of return on a high quality corporate bond of equivalent term and currency to the liabilities. The actuarial valuations are obtained at least triennially and are updated at each balance sheet date. The amounts charged to operating surplus are the current service costs and the costs of scheme introductions, benefit changes, settlements and curtailments. They are included as part of staff costs as incurred.

Net interest on the net defined benefit liability/asset is also recognised in the Statement of Comprehensive Income and comprises the interest cost on the defined benefit obligation and interest income on the scheme assets, calculated by multiplying the fair value of the scheme assets at the beginning of the period by the rate used to discount the benefit obligations. The difference between the interest income on the scheme assets and the actual return on the scheme assets is recognised in other comprehensive income.

Actuarial gains and losses are recognised immediately in actuarial gains and losses.

NOTES TO THE FINANCIAL STATEMENTS / Continued ...

1. ACCOUNTING POLICIES / Continued ...

Short term Employment benefits

Short term employment benefits such as salaries and compensated absences (holiday pay) are recognised as an expense in the year in which the employees render service to the College. Any unused benefits are accrued and measured as the additional amount the College expects to pay as a result of the unused entitlement.

Tangible fixed assets

Tangible fixed assets are stated at cost less accumulated depreciation and accumulated impairment losses. Certain items of fixed assets that had been revalued to fair value on or prior to the date of transition to the 2015 FE HE SORP, are measured on the basis of deemed cost, being the revalued amount at the date of that revaluation.

a. Land and buildings

The College's buildings are specialised buildings and therefore it is not appropriate to value them on the basis of open market value. Land and buildings are included in the balance sheet at cost. Leasehold land is not depreciated due to terms of the lease. Freehold buildings are depreciated over their expected useful economic life of 60 years.

All land and other College buildings belong to the Shrewsbury Diocesan Trustees and they remain the property of the Shrewsbury Diocese. This agreement operates under a Trust Deed between the College and the Diocese. No rent is paid by the College for the use of the facilities. On adoption of FRS 102, the College followed the transitional provision to retain the book value of land and buildings, as deemed cost but not to adopt a policy of revaluation of these land and buildings in the future.

If the land and buildings belonging to the Diocese had not been valued they would have been included within the College's accounts at historic cost. Expenditure on these buildings of a capital nature is capitalised by the College and included in the accounts at cost subject to depreciation being charged in accordance with the College's accounting policy.

Where land and buildings are acquired with the aid of specific grants they are capitalised and depreciated as above. The related grants are credited to a deferred capital grant account and are released to the statement of comprehensive income and expenditure over the expected useful economic life of the related asset and on a basis consistent with the depreciation policy.

Finance costs which are directly attributable to the construction of land and buildings are not capitalised as part of the cost of those assets.

A review for impairment of a fixed asset is carried out if events or changes in circumstances indicate that the carrying amount of the fixed asset may not be recoverable.

NOTES TO THE FINANCIAL STATEMENTS /Continued ...

1. ACCOUNTING POLICIES /Continued ...

Subsequent expenditure on existing fixed assets

Where significant expenditure is incurred on tangible fixed assets it is charged to the statement of comprehensive income and expenditure in the period it is incurred, unless it meets one of the following criteria, in which case it is capitalised and depreciated on the relevant basis:

- Market value of the fixed asset has subsequently improved
- Asset capacity increases
- Substantial improvement in the quality of output or reduction in operating costs
- Significant extension of the asset's life beyond that conferred by repairs and maintenance

b. Equipment

Equipment costing less than £1,000 per individual item is written off to the income and expenditure account in the period of acquisition. All other equipment is capitalised at cost. All assets are depreciated over their useful economic life as follows:

Fixtures and fittings	5 – 10% straight line
Motor vehicles and general equipment	15 – 20% straight line
Computer equipment	25% straight line

Where equipment is acquired with the aid of specific grants, it is capitalised and depreciated in accordance with the above policy, with the related grant being credited to a deferred capital grant account and released to statement of comprehensive income and expenditure over the expected useful economic life of the related equipment.

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 Comprehensive Income and Expenditure.

Leased assets

Costs in respect of operating leases are charged on a straight-line basis over the lease term.

Leasing agreements which transfer to the College substantially all the benefits and risks of ownership of an asset are treated as if the asset had been purchased outright and are capitalised at their fair value at the inception of the lease and depreciated over the shorter of the lease term or the useful economic lives of equivalently owned assets. The capital element outstanding is shown as obligations under finance leases.

The finance charges are allocated over the period of the lease in proportion to the capital element outstanding. Where finance lease payments are funded in full from funding council capital equipment grants, the associated assets are designated as grant-funded assets.

Maintenance of premises

The cost of long term and routine corrective maintenance is charged to the statement of comprehensive income and expenditure in the period it is incurred.

NOTES TO THE FINANCIAL STATEMENTS /Continued ...

1. ACCOUNTING POLICIES /Continued ...

Provisions and contingent liabilities

Provisions are recognised when the College has a present or legal or constructive obligation as a result of a past event, it is probable that a transfer of economic benefit will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation.

Where the effect of the time value of money is material, the amount expected to be required to settle the obligation is recognised at present value using a pre-tax discount rate. The unwinding of the discount is recognised as a finance cost in the statement of comprehensive income in the period it arises.

A contingent liability arises from a past event that gives the College a possible obligation whose existence will only be confirmed by the occurrence or otherwise of uncertain future events not wholly within the control of the College. Contingent liabilities also arise in circumstances where a provision would otherwise be made but either it is not probable that an outflow of resources will be required or the amount of the obligation cannot be measured reliably.

Contingent liabilities are not recognised in the balance sheet but are disclosed in the notes to the financial statements.

Agency arrangements

The College acts as an agent in the collection and payment of discretionary support funds, the Bursary and free College meals. Related payments received from the ESFA/Local Authorities and subsequent disbursements to students are excluded from the Statement of Comprehensive Income and Expenditure where the College is exposed to minimal risk or enjoys minimal economic benefit related to the transaction and are shown separately in Note 23, except for the 5 per cent of the grant received which is available to the College to cover administration costs relating to the grant.

Taxation

The College is considered to pass the tests set out in Paragraph 1 Schedule 6 Finance Act 2010 and therefore it meets the definition of a charitable company for UK Governing Body tax purposes. Accordingly, the College is potentially exempt from taxation in respect of income or capital gains received within categories covered by Chapter 3 Part 11 Governing Body Tax Act 2010 or Section 256 of the Taxation of Chargeable Gains Act 1992, to the extent that such income or gains are applied exclusively to charitable purposes.

The College is partially exempt in respect of Value Added Tax, so that it can only recover a minor element of VAT charged on its inputs. Irrecoverable VAT on inputs is included in the costs of such inputs and added to the cost of tangible fixed assets as appropriate, where the inputs themselves are tangible fixed assets by nature. The College's subsidiary companies, if such existed, would be subject to Governing Body tax and VAT in the same way as any commercial organisation.

Cash and cash equivalents

Cash includes cash in hand, deposits repayable on demand and overdrafts.

Cash equivalents are short term, highly liquid investments that are readily convertible to known amounts of cash with insignificant risk of change in value. An investment qualifies as a cash equivalent when it has maturity of 3 months or less from the date of acquisition.

Financial liabilities and equity

Financial liabilities and equity are classified according to the substance of the financial instrument's contractual obligations, rather than the financial instrument's legal form.

NOTES TO THE FINANCIAL STATEMENTS /Continued ...

1. ACCOUNTING POLICIES /Continued ...

Financial liabilities and equity/Continued

All loans, investments and short term deposits held by the College are classified as basic financial instruments in accordance with FRS 102. These instruments are initially recorded at the transaction price less any transaction costs (historical cost). FRS 102 requires that basic financial instruments are subsequently measured at amortised cost, however the College has calculated that the difference between the historical cost and amortised cost basis is not material and so these financial instruments are stated on the balance sheet at historical cost. Loans and investments that are payable or receivable within one year are not discounted.

Judgements in applying accounting policies and key sources of estimation uncertainty

In preparing these financial statements, management have made the following judgements:

- Determine whether leases entered into by the College either as a lessor or a lessee are operating or finance leases. These decisions depend on an assessment of whether the risks and rewards of ownership have been transferred from the lessor to the lessee on a lease by lease basis.
- Determine whether there are indicators of impairment of the College's tangible assets. Factors taken into consideration in reaching such a decision include the economic viability and expected future financial performance of the asset and where it is a component of a larger cash-generating unit, the viability and expected future performance of that unit.

Other key sources of estimation uncertainty

- *Tangible fixed assets*
Tangible fixed assets are depreciated over their useful lives taking into account residual values, where appropriate. The actual lives of the assets and residual values are assessed annually and may vary depending on a number of factors. In re-assessing asset lives, factors such as technological innovation and maintenance programmes are taken into account. Residual value assessments consider issues such as future market conditions, the remaining life of the asset and projected disposal values.
- *Local Government Pension Scheme*
The present value of the Local Government Pension Scheme defined benefit liability depends on a number of factors that are determined on an actuarial basis using a variety of assumptions. The assumptions used in determining the net cost (income) for pensions include the discount rate. Any changes in these assumptions, which are disclosed in note 22, will impact the carrying amount of the pension liability. Furthermore a roll forward approach which projects results from the latest full actuarial valuation performed at 31 March 2019 has been used by the actuary in valuing the pensions assets and liability at 31 July 2020. Any differences between the figures derived from the roll forward approach and a full actuarial valuation would impact on the carrying amount of the pension liability. Amounts have been included within the defined benefit obligation to reflect the "McCloud" and GMP equalisation.
- *Capitalisation of land and buildings*
The College operates from a site comprising two buildings, the main college building and the sports hall. Each of these buildings are owed by the Diocese of Shrewsbury for the benefit of the college. They were paid for by a combination of funding council grant support, bank loans and college resources. The main building received 93% government funding support. As the buildings were completed the costs were capitalised and the grant received was included in the balance sheet. As these buildings age, they are depreciated and the appropriate portion of the grant released. If the Diocese were to change the use of the building, the grant amount would be repayable and the site handed back to the funding bodies to realise any proceeds. As a consequence of this it is felt that the most appropriate treatment is to include the buildings as fixed assets and depreciate them over their useful life.

NOTES TO THE FINANCIAL STATEMENTS /Continued...

2. FUNDING BODY GRANTS

	2020	2019
	£'000	£'000
Education and Skills Funding Agency – 16 -18	9,410	9,259
Education and Skills Funding Agency – adult	3	93
GMCA devolved adult income grant	85	-
Teacher's pension grant	324	-
Releases of government capital grants (Note 15)	646	617
Devolved capital grant	55	55
	<u>10,523</u>	<u>10,024</u>

The teacher's pension grant was paid for the first time from September 2019 to reimburse colleges for the increase in costs as Teacher Pension employer contributions increased for 16.48% to 23.68% from that date.

3. TUITION FEES AND EDUCATION CONTRACTS

	2020	2019
	£'000	£'000
Tuition fees	126	144
Franchised PGCE with University of Bolton	42	46
	<u>168</u>	<u>190</u>

4. OTHER GRANTS AND CONTRACTS

	2020	2019
	£'000	£'000
Coronavirus Job Retention scheme	41	-
	<u>41</u>	<u>-</u>

The corporation furloughed the canteen staff and the adult education staff who deliver full cost recovery leisure courses under the government's Coronavirus Job Retention Scheme. Both of these areas of college closed on the 20th March 2020. The funding received of £41k relates to staff costs which are included within the staff costs note below as appropriate.

5. OTHER INCOME

	2020	2019
	£'000	£'000
Element 3 High needs income from Local Authorities	330	327
Catering and residence operations	266	413
Other income generating activities	428	493
	<u>1,024</u>	<u>1,233</u>

NOTES TO THE FINANCIAL STATEMENTS /Continued...

6. INVESTMENT INCOME

	2020 £'000	2019 £'000
Other interest receivable	65	44
	<u> </u>	<u> </u>

7. STAFF COSTS

The average number of persons (including key management personnel) employed by the College during the year, expressed as full time equivalents was: -

	2020 Number	2019 Number
Teaching staff	120	114
Non-teaching staff	72	72
	<u> </u>	<u> </u>
	192	186
	<u> </u>	<u> </u>

Staff costs for the above persons:

	2020 £'000	2019 £'000
Wages and salaries	6,427	6,141
Social security costs	575	584
Other pension costs (incl. FRS102(28) adjustments of £376k/£405k)	1,713	1,384
Severance costs (non-contractual)	6	22
	<u> </u>	<u> </u>
	8,721	8,131
	<u> </u>	<u> </u>

Total staff costs, split by type of contract, were:

Employment costs for staff on permanent contracts	8,598	7,979
Employment costs for staff on temporary contracts	123	152
	<u> </u>	<u> </u>
	8,721	8,131
	<u> </u>	<u> </u>

NOTES TO THE FINANCIAL STATEMENTS /Continued...

STAFF COSTS/Continued....

The number of senior post-holders and other staff who received annual emoluments, excluding pension contributions and employer's national insurance but including benefits in kind, in the following ranges was:

	Year ended 31 July 2020		Year ended 31 July 2019	
	Number key management personnel	Number other staff	Number key management personnel	Number other staff
£55,001 - £60,000	-	-	1	-
£60,001 - £65,000	2	-	1	-
£70,001 - £75,000	1	-	1	-
£105,001- £110,000	-	-	1	-
£110,001-£115,000	1	-	-	-
	<u>4</u>	<u>-</u>	<u>4</u>	<u>-</u>

There was a 1.5% pay award in September 19 with a further 1.25% from April 20. The Principal and Vice Principal received the same pay award as all other staff in 2019/20. This was supported by the Governing Body.

KEY MANAGEMENT PERSONNEL

Key management personnel are those persons having authority and responsibility for planning, directing and controlling the activities of the College and are represented by the Senior Leadership Team which comprises the Principal, Vice Principal, Assistant Principal–Finance and Assistant Principal-Pastoral.

Staff costs include compensation paid to key management personnel for loss of office of £nil (2019 £nil).

	2020	2019
	Number	Number
Number of key management personnel including the principal was:	<u>4</u>	<u>4</u>
Key Management personnel emoluments are made up as follows:	£	£
Salaries	308,254	304,995
Employer's National Insurance contributions	38,083	37,189
Pension contributions	68,859	51,216
	<u>415,196</u>	<u>393,400</u>
Total emoluments	<u>415,196</u>	<u>393,400</u>

NOTES TO THE FINANCIAL STATEMENTS /Continued...

KEY MANAGEMENT PERSONNEL/Continued

The above emoluments include amounts payable to the Principal (who is also the highest paid officer) of:-

	2020	2019
	£	£
Salary	112,109	109,993
Employer's National Insurance contributions	14,273	13,876
Pension contributions	25,886	18,127
	<hr/>	<hr/>
Total emoluments	152,268	141,996
	<hr/>	<hr/>

There were no amounts due to key management personnel that were waived in the year, nor any salary sacrifice arrangements in place.

The pension contributions of the Principal and key management personnel are in respect of employer's contributions to the Teacher's and GMPF Pension Schemes and are paid at the same rate as for other employees. The increase is due to the change in TP employer's contribution from 16.48% to 23.68% in September 19 in line with all other teaching staff and the increase in GMPF employer rates from 18% to 19.7% in April 20.

The remuneration package of the Principal and Vice Principal is subject to annual review by the Remuneration Committee of the governing body who use benchmarking information to provide objective guidance.

The Principal reports to the Chair of the Governing Body, who undertakes an annual review of his performance against the college's overall objectives using both qualitative and quantitative measures of performance.

Relationship of Principal pay and remuneration expressed as a multiple

Principal's basic salary as a multiple of the median of all staff	3.9
Principal's total remuneration as a multiple of the median of all staff	3.9

The members of the Governing Body other than the Principal and elected staff governors did not receive any payment from the College other than the reimbursement of travel and subsistence expenses incurred in the course of their duties.

Senior post-holders, the Principal and Vice Principal, have always been paid in line with decisions taken by the Remuneration Committee. The remuneration committee agreed that there would be a pay increase in the Principal and Vice Principal's remuneration consistent with all other staff (see above) for the year ended July 2020.

NOTES TO THE FINANCIAL STATEMENTS /Continued...

8. OTHER OPERATING EXPENSES

	2020	2019
	£'000	£'000
Teaching costs	1,027	1,089
Non-teaching costs	416	571
Premises costs	595	604
	<u>2,038</u>	<u>2,264</u>

Other operating expenses include:

	2020	2019
	£'000	£'000
Operating lease rentals		
Plant and machinery	33	30
Auditors' remuneration		
Financial statement audit	21	14
Internal audit	8	11
	<u> </u>	<u> </u>

9. INTEREST AND OTHER FINANCE COSTS

	2020	2019
	£'000	£'000
Bank interest payable	111	118
Net interest on defined pension liability (note 22)	67	51
	<u>178</u>	<u>169</u>

10. TAXATION

The College is not liable for any tax arising out of its activities during this period.

NOTES TO THE FINANCIAL STATEMENTS /Continued...

11. TANGIBLE FIXED ASSETS

	Freehold Buildings £'000	Long Leasehold Land £'000	Fixtures and Fittings £'000	Equipment £'000	Total £'000
Cost					
At 1 August 2019	40,178	1,078	118	2,182	43,556
Additions	-	-	2	41	43
Disposals	-	-	-2	-111	-113
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
At 31 July 2020	40,178	1,078	118	2,112	43,486
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
Depreciation					
At 1 August 2019	6,218	-	76	1,829	8,123
Charge for year	670	-	16	144	830
Disposals	-	-	-2	-111	-113
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
At 31 July 2020	6,888	-	90	1,862	8,840
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
Net book value					
At 31 July 2019	33,960	1,078	42	353	35,433
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
At 31 July 2020	33,290	1,078	28	250	34,646
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
Analysed as follows:					
Financed by:					
Capital grant	30,660	240	-	110	31,010
Other	2,630	838	28	140	3,636
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
	33,290	1,078	28	250	34,646
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>

Fixed assets include land and buildings with a net book value of £34,368k (2019 £35,038k) which are partially funded by the LSC and its successor organisations.

NOTES TO THE FINANCIAL STATEMENTS /Continued ...

11. TANGIBLE FIXED ASSETS /Continued...

The historical cost of the refurbishments and improvements to land and buildings included within the accounts are as follows:

	2020 £'000	2019 £'000
Cost	40,418	40,418
Aggregate depreciation based on cost	(6,888)	(6,218)
	<u>33,530</u>	<u>34,200</u>

12. TRADE AND OTHER RECEIVABLES

	2020 £'000	2019 £'000
Amounts falling due within one year:		
Trade receivables	39	33
Prepayments and accrued income	87	66
	<u>126</u>	<u>99</u>

13. SHORT TERM INVESTMENTS

	2020 £'000	2019 £'000
Short term deposits	4,000	5,750
	<u>4,000</u>	<u>5,750</u>

Deposits are held with Lloyds bank operating in the London market and licensed by the Financial Conduct Authority with more than three months maturity at the balance sheet date. The interest rates for these deposits are fixed for the duration of the deposit at time of placement.

NOTES TO THE FINANCIAL STATEMENTS /Continued...

14. CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	2020	2019
	£'000	£'000
Debt due within one year		
Bank loan	192	186
Trade payables	63	116
Other taxation and social security	280	237
Other creditors	224	286
Accruals and deferred income	804	896
Deferred income-government capital grants	650	650
	<u>2,213</u>	<u>2,371</u>

Other creditors includes amounts due to students in the form of deposits paid for books and the balance on bursary and access funds. The corresponding asset is included in cash and bank.

15. CREDITORS: AMOUNTS FALLING DUE AFTER MORE THAN ONE YEAR

	2020	2019
	£'000	£'000
Bank loan	2,692	2,883
Deferred income- government capital grants	30,103	30,749
	<u>32,795</u>	<u>33,632</u>
The bank loan is repayable as follows:-		
In one year or less	192	186
Between one and two years	197	191
Between two and five years	844	603
In five years or more	1,650	2,089
	<u>2,883</u>	<u>3,069</u>

The bank loan crystallised in March 2011 and the full facility was drawn down. There is a fixed interest element of £1.637m which is repayable at 5.285% for 22 years. The balance of £1.246m is repayable at base plus 0.35%. The full loan was drawn down as otherwise the facility would have lapsed. The £1.344m is placed on short term deposit to generate interest to cover the costs of borrowings.

16. PROVISIONS: Defined Benefit Provisions

	2020	2019
	£'000	£'000
As at 1 August	(2,976)	(1,616)
Expenditure in the period	(1,592)	(1,360)
	<u>(4,568)</u>	<u>(2,976)</u>

NOTES TO THE FINANCIAL STATEMENTS /Continued...

PROVISIONS: Defined Benefit Provisions/Continued....

Defined benefit obligations relate to the liabilities under the College's membership of the Local Government Pension Scheme (Greater Manchester Pension Fund). Further details are given in Note 22.

17. RESERVES

	Revaluation reserve	Income & Expenditure Account
	£'000	£'000
Restated balance brought forward at 1 August 2019	838	2,435
Surplus/ (deficit) on continuing operations	-	(1,095)
	<hr/>	<hr/>
At 31 July 2020	838	1,340
	<hr/>	<hr/>

18. CAPITAL COMMITMENTS

There are no capital commitments at July 2020 which have been contracted for but not expensed at the year-end.

19. FINANCIAL COMMITMENTS

At 31 July 2020 the College had minimum lease payments under non-cancellable operating leases as follows:

	Equipment 2020	Equipment 2019
	£'000	£'000
Future minimum lease payments due:		
Not later than one year	29	28
Between one and two years	23	22
Later than one year and not later than five years	21	52
	<hr/>	<hr/>
	73	102
	<hr/>	<hr/>

20. CASH AND CASH EQUIVALENTS

	At 1 August 2019	Cashflow	At 31 July 2020
	£'000	£'000	£'000
Cash and cash equivalents	970	2,012	2,982
	<hr/>	<hr/>	<hr/>

The college does not now get paid interest on the current account so we have placed increasing sums on deposit as fund allow. The college has reviewed the cash deposits placed close to the year end and kept more on short term deposit so these could be classed as cash at the year end. Consequently long term deposits have been reduced by £1.75m to accommodate more cash in the 32 day deposit account. The underlying cash generated by operations in 2019/20 is therefore £262k.

NOTES TO THE FINANCIAL STATEMENTS /Continued ...

21. RELATED PARTY TRANSACTIONS

Owing to the nature of the College's operations and the composition of the Board of Governors being drawn from local public and private sector organisations, it is inevitable that transactions will take place with organisations in which a number of the Board of Governors may have an interest. All transactions involving such organisations would be conducted at arm's length and in accordance with the College's financial regulations and normal procurement procedures, unless noted separately below.

The land and buildings of the College belong to the Trustees of the College, the Roman Catholic Diocese of Shrewsbury. The trustees also have representation on the Board of Governors. The College does not pay any rent or charge for the use of the land or buildings.

The total expenses paid to or on behalf of the Governors during the year was £nil (2019: £nil). This represents travel and subsistence expenses and other out of pocket expenses incurred in attending Governor meetings and charity events in their official capacity.

No Governor has received any remuneration or waived payments from the College during the year (2019: None).

22. PENSIONS AND SIMILAR OBLIGATIONS

The College's employees belong to two principal post-employment pension schemes, the Teachers' Pension Scheme England and Wales (TPS) for academic and related staff and the Greater Manchester Pension Fund for non-teaching staff. Both are multi-employer defined-benefit plans.

Total pension cost for the year	2019/20	2018/19
	£'000	£'000
Teacher Pension Scheme: contributions paid	<u>1,053</u>	<u>709</u>
Local Government Pension Scheme:		
Contributions paid	283	270
FRS102(28) charge	376	405
Charge to statement of Comprehensive income and expenses	<u>659</u>	<u>675</u>
Total Pension Cost for the Year within staff costs	<u>1,713</u>	<u>1,384</u>

The pension costs are assessed in accordance with the advice of independent qualified actuaries. The latest formal actuarial valuation of the TPS was 31 March 2016 and of the LGPS 31 March 2019.

Employees and Employers Contributions amounting to £126k (2019: £92k) were payable to the scheme as at 31st July 2020 and are included in creditors.

Teachers' Pension Scheme

The Teachers' Pension Scheme (TPS) is a statutory, contributory, defined benefit scheme, governed by the Teachers' Pension Scheme Regulations 2014. These regulations apply to teachers in schools, colleges and other educational establishments. Membership is automatic for teachers and lecturers at eligible institutions. Teachers and lecturers are able to opt out of the TPS.

NOTES TO THE FINANCIAL STATEMENTS /Continued ...

Teachers' Pension Scheme/Continued....

The TPS is an unfunded scheme and members contribute on a 'pay as you go' basis – these contributions, along with those made by employers, are credited to the Exchequer under arrangements governed by the above Act. Retirement and other pension benefits are paid by public funds provided by Parliament.

Under the definitions set out in FRS 102 (28.11), the TPS is a multi-employer pension plan. The College is unable to identify its share of the underlying assets and liabilities of the plan.

Accordingly, the College has taken advantage of the exemption in FRS 102 and has accounted for its contributions to the scheme as if it were a defined-contribution plan. The College has set out above the information available on the plan and the implications for the College in terms of the anticipated contribution rates.

The valuation of the TPS is carried out in line with regulations made under the Public Service Pension Act 2013. Valuations credit the teachers' pension account with a real rate of return assuming funds are invested in notional investments that produce that real rate of return.

The latest actuarial review of the TPS was carried out as at 31 March 2016. The valuation report was published by the Department for Education (the Department) in April 2019. The valuation reported total scheme liabilities (pensions currently in payment and the estimated cost of future benefits) for service to the effective date of £218 billion, and notional assets (estimated future contributions together with the notional investments held at the valuation date) of £198 billion giving a notional past service deficit of £22 billion.

As a result of the valuation, new employer contribution rates were set at 23.68% of pensionable pay from September 2019 onwards (compared to 16.48% during 2018/19). DfE has agreed to pay a teacher pension employer contribution grant to cover the additional costs during the 2019-20 academic year.

A full copy of the valuation report and supporting documentation can be found on the Teachers' Pension Scheme website.

The pension costs paid to TPS in the year amounted to £1,476,551 (2019: £1,113,770).

Greater Manchester Pension Fund

The scheme available to non-teaching staff is the Greater Manchester Pension Fund (GMPF). The total pension contribution made by the College to the Scheme for the year ended 31 July 2020 was £384k of which employer's contributions totalled £284k and employee's contributions totalled £100k. The agreed employee contribution rates for future years (effective from April 2014) are a tiered system of rates related to levels of pensionable pay – these currently range from 5.5% to 16.5%. The agreed employer contribution rates are April 2018 to Mar 2020 – 18.0% and from April 2020 to March 2023, 19.7%. The next triannual valuation is due in March 2023.

Principal Actuarial Assumptions

The following information is based upon a full actuarial valuation of the fund as at 31 March 2019 updated to 31 July 2020 by a qualified independent actuary

	2020	2019
Rate of increase of salaries	3.0%	3.2%
Future pensions increases	2.2%	2.4%
Discount rate for scheme liabilities	1.4%	2.1%
Inflation assumption (CPI)	2.2%	2.5%

NOTES TO THE FINANCIAL STATEMENTS /Continued ...

22. PENSIONS AND SIMILAR OBLIGATIONS/ Continued....

Greater Manchester Pension Fund /continued...

The current mortality assumptions include sufficient allowance for future improvements in mortality rates. The assumed life expectations on retirement age 65 are:

	31 July 2020	31 July 2019
Current Pensioners		
Males	20.5 years	20.6 years
Females	23.1 years	23.1 years
Future pensioners		
Male	22.0 years	22.0 years
Female	25.0 years	24.8 years

The College's share of the assets in the plan and the expected rates of return were:

	Long-term rate of return expected at 31 July 2020	Fair Value at 31 July 2020	Long-term rate of return expected at 31 July 2019	Fair Value at 31 July 2019
		£'000		£'000
Equities	1.4%	6,206	2.1%	6,277
Bonds	1.4%	1,667	2.1%	1,274
Property	1.4%	649	2.1%	728
Cash	1.4%	<u>741</u>	2.1%	<u>818</u>
Total market value of assets		<u>9,263</u>		<u>9,097</u>
Weighted average expected long term rate of return	1.4%		2.1%	
Actual return on plan assets		<u>(207)</u>		<u>253</u>

NOTES TO THE FINANCIAL STATEMENTS /Continued ...

22. PENSIONS AND SIMILAR OBLIGATIONS/ Continued....

Greater Manchester Pension Fund /continued...

The amount included in the balance sheet in respect of the defined benefit pension plan and enhanced pensions benefits is as follows:

	2020	2019
	£'000	£'000
Fair value of plan assets	9,263	9,097
Present value of plan liabilities	(13,831)	(12,073)
	<u>(4,568)</u>	<u>(2,976)</u>
Net pensions liability (Note 16)	<u>(4,568)</u>	<u>(2,976)</u>

Amounts recognised in the Statement of Comprehensive Income in respect of the plan are as follows:

	2020	2019
	£'000	£'000
Amounts included in staff costs		
Current service cost	702	583
Past service cost	(43)	95
Total	<u>659</u>	<u>678</u>
Amounts included in investment income		
Net interest income	67	51
	<u>67</u>	<u>51</u>
Amounts recognised in Other Comprehensive Income		
Return on pension plan assets excluding amounts in net interest	(207)	253
Changes in assumptions underlying the present value of plan liabilities	(942)	(1,157)
	<u>(1,149)</u>	<u>(904)</u>
Amount recognised in Other Comprehensive Income	<u>(1,149)</u>	<u>(904)</u>

NOTES TO THE FINANCIAL STATEMENTS /Continued ...

22. PENSIONS AND SIMILAR OBLIGATIONS/ Continued....

Greater Manchester Pension Fund /continued...

Movement in net defined benefit liability during the year

	2020	2019
	£'000	£'000
Deficit in scheme at 1 August	(2,976)	(1,616)
Movement in year:		
Current service cost	(702)	(583)
Employer contributions	283	273
Past service cost	43	95
Net interest on the net defined liability	(67)	(51)
Actuarial gain or loss	<u>(1,149)</u>	<u>(904)</u>
Net defined benefit liability at 31 July	<u>(4,568)</u>	<u>(2,976)</u>

Asset and Liability Reconciliation

	2020	2019
	£'000	£'000
Changes in the present value of defined benefit obligations		
Defined benefit obligations at start of period	12,073	10,013
Current Service cost	702	583
Past service cost	(43)	95
Interest cost	260	289
Contributions by Scheme participants	101	100
Administrative expenses		
Changes in financial assumptions	1,376	1,806
Changes in demographic assumptions	332	(649)
Changes in other experiences	(766)	
Estimated benefits paid	<u>(204)</u>	<u>(164)</u>
Defined benefit obligations at end of period	<u>13,831</u>	<u>12,073</u>

NOTES TO THE FINANCIAL STATEMENTS /Continued ...

22. PENSIONS AND SIMILAR OBLIGATIONS/ Continued....

Greater Manchester Pension Fund /continued...

Reconciliation of Assets	2020	
Fair value of plan assets at start of period	9,097	8,397
Interest on plan assets	193	238
Return on plan assets less amounts included in net interest	(207)	253
Employer contributions	282	273
Contributions by Scheme participants	101	100
Estimated benefits paid	<u>(203)</u>	<u>(164)</u>
Assets at end of period	<u>9,263</u>	<u>9,097</u>

An estimate McCloud judgement allowance has been added to the formal valuation results so the impact is continued to be included within the balance sheet at 31 July 2020 (as per the 2019 accounting approach). This allowance has been reduced to reflect the recent proposed changes to McCloud eligibility. This reduction is shown as a Past Service Gain within the profit & loss account.

23. AMOUNTS DISBURSED AS AGENT

Learner support funds	2020	2019
	£'000	£'000
Balance brought forward at 1 August	119	76
Funding Council Grants	194	189
Clawback by ESFA/Local Authorities	-	(2)
	<u>313</u>	<u>263</u>
Disbursed to students	(290)	(189)
Transfer from Free college meals	-	45
	<u>23</u>	<u>119</u>
Balance unspent at 31 July included in creditors	<u>23</u>	<u>119</u>

Funding body grants are available solely for students; the College acts only as a paying agent. The grants and related disbursements are therefore excluded from the Statement of Comprehensive Income and Expenditure.