Report And Financial Statements For The Year Ended 31 July 2015

Knowsley Community College

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Review date:
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KNOWSLEY COMMUNITY COLLEGE

REPORT AND FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 JULY 2015

CONTENTS

	Page Number
Report of the Members of the Corporation	1
Statement of Responsibilities of the Members of the Corporation	15
Statement of Corporate Governance and Internal Control	16
Independent Auditors' Report to the Corporation of Knowsley Community College	22
Independent Auditors' Report on Regularity to the Corporation of Knowsley Community College	23
Income and Expenditure Account	25
Statement of Historical Cost Surpluses and Deficits	26
Statement of Total Recognised Gains and Losses	26
Balance Sheets as at 31 July	27
Cash Flow Statement	28
Notes to the Accounts	29

KNOWSLEY COMMUNITY COLLEGE

REPORT OF THE MEMBERS OF THE CORPORATION FOR THE YEAR ENDED 31 JULY 2015

The members present their report and the audited financial statements for the year ended 31 July 2015.

Operating and Financial Review

NATURE, OBJECTIVES AND STRATEGIES

Legal status

Knowsley Community College (the 'Corporation') was established under the Further and Higher Education Act 1992 for the purpose of conducting Knowsley Community College. The College is an exempt charity for the purposes of the Charities Act 1993.

Mission

The mission of the College as approved by its members is that of:

"Raising aspirations, maximising potential, and changing lives"

Public Benefit

Knowsley Community College is an exempt charity under Part 3 of the Charities Act 2011 and, from 1st September 2013, is regulated by the Secretary of State for Business, Innovation and Skills as Principal Regulator for all FE Corporations in England. The members of the Governing Body, who are trustees of the charity, are disclosed on page 16-17.

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. The guidance sets out the requirements that all organisations wishing to be recognised as charities must demonstrate, explicitly, that their aims are for the public benefit.

In delivering its mission, the College provides the following identifiable public benefits through the advancement of education:

- High-quality teaching
- Widening participation and tracking social exclusion
- Excellent employment record for students
- Strong student support services
- Links with employers, industry and commerce

In delivering its mission, the College also supports the promotion of learning through its facilitation of community broadcasting through "KCC Live" and the organisational relationship with Missionneeds Ltd who run the local radio station for young people

Implementation of strategic plan

In 2014, the College prepared a strategic plan for the period 1 August 2014 to 31 July 2017. This strategic plan includes property and financial plans. The Corporation monitors the performance of the College against these plans. The plans are reviewed and updated each year.

KNOWSLEY COMMUNITY COLLEGE

REPORT OF THE MEMBERS OF THE CORPORATION FOR THE YEAR ENDED 31 JULY 2015

The College's continuing strategic objectives are to:

1. Improve teaching, learning and assessment and deliver outstanding success rates;
2. Develop a culture of high expectation and aspiration;
3. Address future employment and skills priorities to meet the needs of individuals, businesses and the local community;
4. Enhance the employability skills of all learners and encourage innovation, creativity and enterprise;
5. Increase the number of young people and adults successfully progressing into higher learning and employment;
6. Promote and embed equality and diversity in all aspects of the organisation;
7. Enhance the college reputation, brand and image through effective communication and marketing;
8. Improve financial performance, diversify income sources and explore new business partnerships;
9. Transform the structure to create a responsive, efficient and effective organisation with a skilled and flexible workforce; and
10. Build and maintain high-quality learning environments, IT systems and facilities.

In 2015, the Governing Body identified 4 strategic aims and 26 strategic objectives to be addressed between 2015 and 2018. The three year Strategic Plan supports Local Enterprise Partnership (LEP) priorities for the Liverpool City Region and skills priorities specified in the detailed skills for growth reports. The plan also reflects local priorities identified in the 2014/15 economic analysis undertaken for Knowsley Metropolitan Borough Council (KMBC).

The four strategic aims for the three-year period 2015/18 are:

1. Outstanding provision and outcomes for all
2. Strong finances
3. The College as a social enterprise
4. Develop and grow a highly skilled, professional and creative workforce.

The FE sector continues to go through considerable change in funding and policy. In addition, the College has been subject to considerable scrutiny from Ofsted, the FE Commissioners Office and the Skills Funding Agency. To ensure that the College can demonstrate progress and is robust in its planning assumptions, the Senior team has developed a one year plan for 2015/16 that sits alongside other key documents including:

- Quality Improvement plan
- Action plan for FE Commissioner
- Quality Improvement plan for Apprenticeships

Financial Objectives

The College has the following specific financial objectives for the current three- year financial plan:

1) An underlying operating surplus from 2014/15 onwards

2) Not to breach the bank's (Lloyds Bank Plc) amended loan covenants (which includes maintaining the College reserves above £1 million)

3) Pay expenditure as a percentage of total income (excluding income generated from partners' related activities) to be brought down to a level consistent with the FE sector as a whole (i.e. in the range of 65% to 68%)

4) A current ratio above 1:1 (Current Assets : Current Liabilities)

5) A cash balance of no less than £500,000 at any time

6) To achieve a Financial Health grade of "good" over the lifetime of the Strategic Operational Plan 2015/18

Performance indicators

FE Choices (formerly the "Framework for Excellence") has four key performance indicators:

- Success rates
- Learner destinations
- Satisfaction survey (formerly "Learner views")
- Satisfaction survey (formerly "Employer views")

The College is committed to observing the importance of sector measures and indicators and to use the FE Choices website which looks at measures such as success rates. The College is required to complete the annual Finance Record for the Skills Funding Agency/Education Funding Agency. The Finance Record produces a financial health grading. The current rating of Good is considered an acceptable outcome.

Financial position

Financial results

It was the financial objective of the College to return a balanced position in 2014/15 and begin to rebuild reserves from 2015/16 onwards. The medium to long-term aim is to reduce the value of loans with Lloyds Bank Plc and KMBC.

In 2014/15 the accounts show that the College delivered an operating surplus of £108,000 (2013/14: £1,287,000 deficit). This financial performance is a significant improvement on 2013/14 outturn position.

Total income has decreased by £168,000 (1.1%) compared to previous year. Funding body income has fallen by £647,000 (4.9%). The College relies significantly on the Skills Funding Agency (SFA) and Education Funding Agency (EFA) as its principal funding sources. In 2014/15, those funding agencies provided 84.9% of the College's total income.

Total staff costs were £8,308,000 (including severance costs) in 2014/15 which was 16.5% lower than 2013/14. When restructuring costs and the FRS17 pension provision are excluded, the decrease in staff costs is £1,448,000. Staff costs represents 53.2% of total income (excluding the release of deferred capital grants), or 73.8% of total income if subcontractor costs are also included to represent the full cost of delivery of College provision.

The College has accumulated reserves of £4,558,000 (excluding the pension reserve) and cash balances of £3,665,000. The College wishes to continue to accumulate reserves and cash balances in order to create a contingency fund. The reserves are held in order to:

a) Offset any cash flow problems caused through the timing of funding.
b) Ensure immediate financial stability following expected further funding cuts.
c) Fund the continued improvement of the College infrastructure through capital investment in both buildings and equipment.

Tangible fixed assets additions during the year amounted to £881,000. This included £861,000 of expenditure on Stockbridge Lane and investment of £20,000 on other assets.

The College has revised its' treatment of leased equipment. Following scrutiny of the College's leases it would seem that the treatment of operating leases in prior years was inaccurate therefore the College has restated 2013/14 financial statements. The deficit for 2013/14 remains the same but fixed asset, HP loan accounts and interest payable have been revised to reflect the change in treatment.

Following a successful LEP bid the College is to retain approximately 1/3 of its Kirkby site (valuation £1.477 million) An adjustment to fixed assets cost has been made from assets held for sale.
The College have no 'live' subsidiary companies. A framework of a dormant company exists and may be resurrected if the need arises. For avoidance of doubt, there are no balances and the historic bank account has been closed.

The College currently has a 24% shareholding in Liverpool Media Academy (LMA). The College no longer has a subcontracting contract with LMA, and as such, will be seeking to sell their shares back to LMA.

SFA graded the financial statements for 2012/13 as "Inadequate". A *Financial Notice of Concern* was issued subsequently in 2014. The College's latest 3-Year Financial Plan shows the College's financial health grade as 'Satisfactory' in 2014/15.

Treasury policy and objectives

Treasury management is the management of the College's cash flows, its banking, money market and capital investment transactions; the effective control of its 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.

Any borrowing for capital purposes must have the specific authority the of Finance & General Purpose Committee. No borrowing can be arranged which would breach any existing covenants.

Cash Flows

Cash inflows from operating activities in 2014/15 totalled £3,484,000 (2013/14 outflow of -£1,900,000).

There was a net cash inflow of £5,440,000 in 2014/15 for capital expenditure and financial investment; Returns on investments and servicing of finance (being interest payable paid less interest received) amounted to £141,000.

During the year, the College's cash balances increased by £2,003,000 mainly due to the sale of Larch Road playing field after escrow payments of £6,174,000 were lodged with RBS and KMBC for works on Stockbridge Lane; classified as investments on the balance sheet.

Loans

The College had three outstanding loans as at 31 July 2015:

- Lloyds Bank Plc (£4,795,000). Principal repayments of £76,000 per quarter
- KMBC (£3,000,000). Agreed repayment schedule concluding December 2018
- North Huyton Communities Future (£225,000). Three remaining instalments of £75,000 concluding January 2018.

CURRENT AND FUTURE DEVELOPMENT AND PERFORMANCE

Student numbers

In 2014/15 the College has delivered activity that has produced £12,666,000 in funding body main allocation funding (2013/14 : £13,313,000). The College has approximately 5,400 funded and 300 non-funded students.

Student achievements

The forecast overall success rates during 2014/15 improved from 83.1% to 83.2% with success rates for young learners on long courses marginally decreasing from 81.8% to 80.5%. The forecast overall success rates for adult apprenticeships programme were 64.7%; a significant improvement from 40.8% in 2013/14. The forecast overall success rates for 16-18 apprenticeships were 74.7% (2013/14: 56.3%).

Curriculum Developments

The ambition of the College is to create a curriculum and supporting infrastructure which is underpinned by quality and meets the needs of individual learners and employers. The College has a dedicated advance manufacturing premises and its standards and reputation are enhancing year upon year.

The process of Curriculum Development ensures the College has a high level of assurance that Curriculum Area Business Plans are closely aligned to the College's strategic priorities, LEP priorities, local and regional skills gaps, funding allocations, and quality improvement drivers. The sum of all curriculum area plans results in the College meeting or exceeding all volume and quality targets within the budget set. The process also ensures that there is a constant dialogue with curriculum areas regarding their contribution to the College's strategic priorities. The revised Business and Curriculum Planning process enables College managers to make decisions, promptly and effectively.

Many of the students have low levels of prior educational achievement. The College is situated in one the UK's most poorly performing local authorities areas. The introduction of Study Programmes for 16-19 year-olds ensures that all students who did not achieve a Grade C GCSE in English and/or Maths will continue to study these subjects.

Courses have been designed to ensure students are able to move securely into the labour market. The major curriculum initiatives this year to develop Advance Manufacturing, Engineering and Logistics provisions. The reduction to the Adult Skills Budget of 17% necessitated a further review of the curriculum offer to take place to ensure the College was in a position to meet Government priorities of: a) Apprenticeship delivery b) English and maths skills development c) Skills development for courses where competency is a pre-requisite to moving between levels (e.g. Catering).

The decision to remove all Level 1 full-time courses for 19+ was made as the College is confident that the barrier to learning at this level is basic skills in English, Maths and ICT, which are provided through the College's Work World provision. Level 2 provision was reviewed with the decision to reduce allocation in some areas of the College and increase full-cost provision if the demand is there. The balance needs to be maintained to ensure the College meets its 24+ loan allocation by having a through route for students who wish to progress internally.

Other courses prepared students for university. These include:

- Access to Higher Education courses for 19+ learners
- Close liaison with a range of universities including Edge Hill University
- Development of a range of Level 4 courses including HNDs which closely align to industry requirements and enable progression for our students.

Payment Performance

The Late Payment of Commercial Debts (Interest) Act 1998, which came into force on 1 November 1998, requires colleges, in the absent of agreement to the contrary, to make payments to suppliers within 30 days of either the provision of goods and services or the date on which the invoice was received. The target set by the Treasury for payment to suppliers within 30 days is 95%. The average payments to creditors was 7 days in 2014/15. The College incurred no interest charges in respect of late payment for this period.

Management Judgements

The College decided to utilise the underspend against its Free Meals Allocation in its 2014/15 revenue accounts to the value of £93,000. The risk assessed rationale being:

- Education Funding Agency (EFA) funding guidance for 2014/15 does not make any reference to potential claw-back of any underspends;
- The EFA document 'Free Meals in future education' (September 2014) states that there will be '....no end of year reconciliation of free meals funding....'. There is a risk that any year-end provisions created could be retained on the balance sheet forever;
- There has been no in-year monitoring processes undertaken by the EFA;
- The outsourced catering company charge the College for the cost of producing free meals which is a legitimate cost to be funded from the funding allocation;
- There seems to be mixed approaches from local FE Colleges suggesting that there is no united consensus or indeed a right or wrong treatment.

Future developments

The sale of Larch Road playing field was concluded in March 2015. The net sale proceeds was £3,151,000 (after making a section 106 contribution of £146,000).

The College is in advance stages of negotiating the necessary legal agreements with KMBC to relocate to Stockbridge Lane (former Christ the King school) in readiness for 2016/17 academic year. The capital project will involve Remodelling Works on the existing PFI building and the construction of a new Annexe. The College will enter into a 125-Year lease agreement, of which the initial 18 years will operate within a PFI framework.

The College has approximately £6,200,000 held in two Advance Payment Bonds with RBS Plc and KMBC. The drawdowns will be actioned following sign-off of completed works involving the preferred contractor (John Turner Construction Group) and the College's Project Manager.

The College have engaged Town Planners and Land Agents to lead on the process of delivering outline planning approval for housing development on its Roby site. The aim is to achieve that goal by December 2015; thereafter efforts will be made to achieve best value from the sale of Roby within the same general timeline and relocate to Stockbridge Lane. The Skills Funding Agency has a financial interest in the net sale proceeds as stipulated in the College Capital Investment Fund grant condition letter.

Proactive efforts are continuing to be made in identifying a buyer for the Kirkby site. Competitive bids were received in July 2015 but were considered insufficient. Positive dialogue continues with the interested parties. There are encouraging other interests evolving as result of wider developments around Kirkby town centre with potential knock-on impact on the College's site in Kirkby.

The College's application for LEP funding has been approved by Liverpool City Region. Part (approximately 1/3rd) of the College's Kirkby site is to be retained as the base for a new SMART Logistics Academy commencing September 2016. In the meantime, the College intends to open the Collegiate building from November 2015 onwards to deliver WorkWorld provision as well as a northern centre for NEET students.

The two larger loans with Lloyds Bank Plc and KMBC encompass an agreed repayment schedule; the latter forecast to conclude in December 2018.

RESOURCES:

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

Financial

The College has £13,229,000 of net assets (including £7,587,000 pension liability) and long term debt of £7,641,000.

People

The College employs 227 people (expressed as full-time equivalents), of whom 113 are teaching staff including trainer assessors).

Reputation

The College has a good reputation locally and nationally. Maintaining a quality of brand is essential for the College's success in attracting students and building relationships.

The FE Choices survey placed the College as the top performing college in the Liverpool City Region for overall employer satisfaction in 2014 (86% satisfaction rate).

PRINCIPAL RISKS AND UNCERTAINTIES:

The College has undertaken further work during the year to embed and improve the system of internal control, including financial, operational and risk management which is designed to protect the College's assets and reputation.

Based on the revised strategic plan, the College, through the Audit Committee and the Senior Leadership Team, undertakes regular reviews of the high level risks which the College is exposed. The Senior Leadership Team and key managers across the College identify systems and procedures, including specific preventable actions which should mitigate any potential impact on the College. The internal controls are implemented and improved and the subsequent year's appraisals will review their effectiveness and progress against risk mitigation actions. In addition to the periodic reviews, the Senior Leadership Team consider risk management issues regularly including consideration of risks associated with new areas of work.

A risk register is maintained at the College level which is reviewed at annually by the Audit Committee. 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. Only the highest risks are reported regularly to the Audit Committee; these are seem as strategic risks while others lower score risks as viewed as operational risks. The College commissioned external consultancy support during the year to revamp the College risk management arrangements and to facilitate training to key staff and governors.

Outline below is a description of the principal risks factors that may affect the College. Not all of the factors are within the College's control. Other factors in addition to 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 2014.15, c85% 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 new SFA funding methodology was introduced in 2013/14 to coincide with the introduction of 24+ Advance Learning Loans in England.

The EFA funding methodology moved to a system of 'funding course programmes reflecting the needs of the individual learner'. This, along, with traineeships and the Government's implementation of the Wolf review proposals that 16-18 year olds should continue to study Mathematics and English until they eventually achieve a pass at GCSE grade C or equivalent, will continue to have implications for the way in which College design and organise their 16-18 curriculum.

The College understands the main impact on future funding:

- The changing funding formulae for both EFA and SFA may impact on the total income received by the College.

This risk is mitigated in a number of ways:

- Funding is derived through a number of direct and indirect contractual arrangements
- By ensuring that the College is rigorous in delivering high quality education and training
- Considerable focus and investment is placed on maintaining and managing key relationships with the various funding bodies
- Ensuring the College is focused on those priority sectors which will continue to benefit from public funding
- Regular dialogue with the funding bodies
- Exploring potential new income streams to underpin the College's income levels.

2. Tuition fees policy

Ministers have confirmed that the fee assumption remains at 50%. In line with the majority of the other colleges, Knowsley Community College will seek to increase tuition fees in accordance with the fee assumption. The risk for the College is that demand falls off as fees increase. This will impact on the growth strategy of the College.

The risk is mitigated in a number of ways:

- By ensuring that the College is rigorous in delivering high quality education and training, thus ensuring value for money for students
- Close monitoring of the demand for courses as the process changed.

3. Maintain adequate funding of pension liabilities

The financial statements report the share of the pension scheme deficit on the College's balance sheet in line with the requirements of FRS 17.

4. Apprenticeships

The raising of the Participation Age and the perceived cost of higher education could make apprenticeships a much more attractive pathway for many 16-18 year olds. The College will seek to ensure that it is able to meet the needs of learners who aspire to becoming apprentices.

The demise of the Train to Gain programme has meant that the College has the ability and client base to develop further adult apprenticeships provision in line with Government priorities. The lifting of the Notice of Concern will be a key milestone for the College. The College success rate for 2014/15 is running above the national minimum levels but the lifting of the Notice is tied into the SFA's timeline; indications suggests that the Notice will be lifted in April 2016.

The risk is mitigated in a number of ways:

- Continuing to improve the success rates
- Close dialogue and working with the SFA and FE Commissioner
- Maintaining good working relationships with employers and partners.

5. Area Based Reviews

The Government has invited local areas to participate in the reshaping and re-commissioning of local provision through a series of area-based reviews of provision. As part of this review a joint Area Review Delivery Unit is being set up (involving BIS, DfE, the funding agencies and the FE Commissioner) and will lead on delivering the programme of area reviews across England. The reviews will focus on general further education and sixth form colleagues.

The underlying aim is to move towards fewer, larger, more resilient and efficient colleges. Another key aim is greater specialisation. The review poses a significant risk to the College. The College continues to assess its options as recommended by the FR Commissioner.

6. Demographics

Census data suggests that there is a continuing downward demographic trend for the number of 16-18 year old learners nationally and that the decline in numbers in the borough is set to continue until 2017/18. The data couples with heightened competition from local secondary schools/academies presents a risk to the College. The College is aware of the risk and is working actively to promote and market the College's reputational success with the aim of maintaining the numbers of young learners and apprentices of all ages accessing Knowsley Community College provision.

7. Staffing

Reduced budgets have led to a pay freeze over recent years (including 2014/15). The College has also reduced its payroll staffing year on year and this downsizing has included senior levels within the College.

The College will be doing all it can to maintain staff morale and ensure that the skills, knowledge and experience lost do not detrimentally affect learners' experience.

STAKEHOLDER RELATIONSHIPS

In line with other colleges and other universities, Knowsley Community College has many stakeholders. These include:

- Students
- Education Sector Funding bodies
- Staff
- Local employers (with specific links)
- Local Authorities
- Government Officers / Local Enterprise Partnerships
- The local community
- Other FE institutions
- Trade unions
- Professional bodies

The College recognises the importance of these relationships and engages in regular communications with them through the College internet site and by direct meetings.

Equal opportunities and employment of disabled persons

The College is committed to ensuring equal opportunity for all 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 actively combat bigotry. This policy is resourced, implemented and monitored on a planned basis. The College's Equal Opportunity Policy is published on the College's Internet site.

The College publishes an Annual Equality Report and Equality Objectives to ensure compliance with all relevant equality legislation including the Equality Act 2010. These are reviewed annually to ensure 'fit for purpose'. The College will undertake equality impact assessments for all new policies and will review periodically thereafter.

The College is a 'Positive about Disabled' employer and has committed to the principles and objectives of the Positive about Disabled standard. The College considers all applications for employment from disabled persons, bearing in mind the aptitudes of the individuals concerned. 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 opportunities to those of non-disabled employees.

The College has committed to the 'Mindful Employer' initiative to assist the mental health wellbeing of staff. The College has achieved accreditation to the Committed to Equality (C2E) standard at the gold (highest) level. The College has implemented an updated Equality & Diversity training programme which all staff have attended. Refresher training and training for new starters is carried out on an ongoing basis.

Disability statement

The College seeks to achieve the objectives set down in the Equality Act 2010:

a) As part of its accommodation strategy the College updated its access audit. Experts in this field conducted a full access audit during 2008/09, and the results of this formed the basis of funding capital projects aimed at improving access.

b) The College has appointed a Specialist Lecturer who assesses specialist support needs, identifies and arranges access arrangements, provides assistive equipment and technology and delivers IAG for students with learning difficulties and disabilities.

c) The College provides specialist equipment according to individual need.

d) The College has a number of Learning Assistants who provide a variety of learning support for individual students. There are sessions for staff development held throughout the year, led by both internal and external teams.

e) Supported Learning courses are described both on the College website and in the College prospectus.

f) College welfare and support services, the College's Compliments, Comments and Complaints procedure and the Learner Performance & Conduct Policies are described in the Student Handbook and are made available on the VLE and College website.

REPORT OF THE MEMBERS OF THE CORPORATION FOR THE YEAR ENDED 31 JULY 2015 (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 aware of any relevant audit information and to establish that the College's auditors are aware of that information

Approved by order of the members of the Corporation on 10 December 2015 and signed on its behalf by:

Signature:

Mr M. Flinn
Chair

Professional advisers

Financial statements and regularity auditors:
KPMG LLP
1 St Peter's Square
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Bankers:
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DLA
India Buildings
Water Street
Liverpool L2 ONH

KNOWSLEY COMMUNITY COLLEGE

Statement of Responsibilities of the Members of the Corporation

The members of the Corporation of the College are required to present audited financial statements for each financial year.

Within the terms and conditions of the Financial Memorandum agreed between the Skills Funding Agency and the Corporation of the College, the Corporation, through its Principal is required to prepare financial statements for each financial year in accordance with the Statement of Recommended Practice – Accounting for Further and Higher Education Institutions and which give a true and fair view of the state of affairs of the college and the result for that year.

In preparing the financial statements the Corporation is required to:

- select suitable accounting policies and then 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 Corporation is also required to prepare a Members Report which describes what it is trying to do and how it is going about it, including the legal and administrative status of the College.

The Corporation is responsible for keeping proper accounting records which disclose with reasonable accuracy at any time the financial position of the college and to enable it to ensure that the financial statements are prepared in accordance with the relevant legislation of incorporation and other relevant accounting standards. It has general responsibility for taking such steps that are reasonable open to it to safeguard assets of the College and to prevent and detect fraud and other irregularities.

Members of the Corporation are responsible for ensuring that expenditure and income are applied for the purposes intended by Parliament and that financial transactions conform to the authorities that govern them. In addition they are responsible for ensuring that funds from the Funding Agencies are used only in accordance with the financial memorandum with the council and any other conditions which the Council may from time to time prescribe. Members of the corporation must ensure that there are appropriate financial and management controls in place sufficient to safeguard public funds and ensure that they are used only in accordance with the conditions under which they have been made available. In addition, members of the corporation are responsible for securing the 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 by the Funding Agencies are not put at risk.

Approved by order of the members of the Corporation on 10 December 2015 and signed on its behalf by:

10 Dec 2015

M. Flinn – Chairperson **Date**

KNOWSLEY COMMUNITY COLLEGE

Statement of Corporate Governance and Internal Control

The College is committed to exhibiting best practice in all aspects of corporate governance. This summary describes the manner in which the College has applied the principles set out in the UK Corporate Governance Code ("the Code")' issued by the FRC June 2010. Its purpose is to help the reader of the accounts to understand how the principles have been applied.

In the opinion of the governors, the College complies with all the provisions of the Code in so far as they apply to the further education sector, and it has complied throughout the year ended 31 July 2015. The Corporation 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. In carrying out its responsibilities, it took full account of The English Colleges' Foundation Code of Governance issued by the Association of Colleges in December 2011, which it formally adopted in May 2012. This code has been superseded by the English Colleges Code of Good Practice which was formally adopted by the Board on 2nd July 2015.

As an exempt charity, governors have due regard to the Charity Commission's guidance on public benefit. In the opinion of governors the College is only involved in activities that further its charitable objectives and which do not put the College's charitable status at risk. It is the view of governors that the Corporation's activities during the year have delivered public benefit through the education and training of all its students, the subsequent benefit to local business, the work of KCC Live (the College's Community Broadcasting radio station), sponsorship of various community events and the extra-curricular activities undertaken by student and staff to fund raise for various causes and promote the benefits of learning in terms of social and economic well-being.

The Corporation

The members who served on the Corporation during the year and up to the date of this report were as listed in the table below:

Governor	Date of appointment	Term of Office	Date of resignation	Status of Appointment	Committees Served
Mark Flinn	1 Oct 2001 Reappointed: 1 Oct 2005 1 Oct 2009 5 July 2012 as Chair	4 years	n/a	Chair of Governors from 5 July 2012	F&GP (Chair) Quality Assurance Remuneration Search & Governance (Chair)
Pam Jervis MBE	1 Apr 1997 Reappointed: 1 Apr 2001 1 Apr 2005 1 Apr 2009 5 July 2012 as Vice Chair	4 years	n/a	Vice Chair of Governors from July 2012	Quality Assurance (Chair) F&GP
Terry Holmes	14 May 1997 Reappointed: 14 May 2001 14 May 2005 14 May 2009 Co-opted 13 May 2013 Co-opted from 30th April 2015	4 years Until 31 July 2016	n/a	Governor	F&GP Remuneration (Chair)

Statement of Corporate Governance and Internal Control (continued)

Governor	Date of appointment	Term of Office	Date of resignation	Status of Appointment	Committees Served
Anne Pryer	11 Aug 2014	n/a		Principal	All committees except Audit & Remuneration
Ian Craig	5 July 2012	4 years	19 March 2015	Governor	Diversity and Human Resources (Chair)
Abbie Highdale	1 August 2014	1 year	12 November 2014	Student Governor	Quality Assurance
John Mcdonough	18 Dec 2014	31 July 2015	n/a	Student Governor	Quality Assurance
Tom Carroll	1August 2014	31 July 2015	31 July 2015	Student Governor	Quality Assurance
Aidan Sergent	5 Jul 2012	4 years	n/a	Governor	F&GP (from 4 Oct 2012)
Stuart Stokes	26 Mar 2005 Reappointed: 26 Mar 2009 8 Dec 2012		n/a	To December 2012 as staff governor. Governor since December 2012	Audit Quality Assurance
Irene Tuzio	1 Apr 2003 Reappointed: 1 Apr 2007 1 Apr 2011	4 years	31 March 2015	Governor	Audit (Chair) E&D Personnel & Welfare (Chair to 4 Oct 2012)
Anna Williams	5 Jul 2012	4 years	3 July 2015	Governor	Audit (from 4 Oct 2012)
Steve Evans	7 February 2014	4 years	n/a	Staff	Diversity and Human Resources
Tim Molton	28 March 2013	4 years	n/a	Governor	F&GP, Audit
Rev Tim Gill	1 May 2013	4 years	n/a	Governor	Audit , Quality Assurance
Joe Martin	20 June 2013	4 years	8 June 2015	Staff	Quality Assurance
Andy Roche	9 Oct 2014	4 years	29 April 2015	Governor	F&GP
Gary See	18 December 2014	4 years	n/a	Governor	Audit
Beth Harrison	13th February 2015	4 years	n/a	Governor	Audit
Julia Tinsley	2 July 2015	4 years	n/a	Governor	Quality Assurance
Anthony Zeverona	2 July 2015	4 years	n/a	Governor	Quality Assurance

Statement of Corporate Governance and Internal Control (continued)

Governor	Date of appointment	Term of Office	Date of resignation	Status of Appointment	Committees Served
Jim Pinsent	8 October 2015	4 Years	n/a	Governor	F&GP
Joe Keegan	8 October 2015	4 Years	n/a	Governor	F&GP

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

The Corporation 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 Corporation meets on a termly basis.

The Clerk to the Corporation maintains a register of financial and personal interests of the governors.

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 Corporation, 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 Corporation 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 Corporation has a strong and independent non-executive element and no individual or group dominates its decision making process. The Corporation 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 Chair and Principal are separate.

Appointments to the Corporation

Any new appointments to the Corporation are a matter for the consideration of the Corporation as a whole. The Corporation has a Search Committee which is comprised of the Chair, Vice Chair and Principal, and is responsible for the selection and nomination of any new member for the Corporation's consideration. The Corporation is responsible for ensuring that appropriate training is provided as required.

Members of the Corporation are appointed for a term of office not exceeding four years, which may be renewed.

Statement of Corporate Governance and Internal Control (continued)

Remuneration Committee

Throughout the year ending 31 July 2015, the College's Remuneration Committee comprised of members from the Finance and General Purposes Committee (not including the Principal). The Committee's responsibilities are to make recommendations to the Board on the remuneration and benefits of the Principal and other senior post-holders.

Details of remuneration for the year ended 31 July 2015 are set out in note 7 to the financial statements.

Audit Committee

The Audit Committee is comprised of four members of the Corporation (excluding the Principal) plus two external members. The Committee operates in accordance with written terms of reference approved by the Corporation.

The Audit Committee meets on a termly basis and provides a forum for reporting by the College's internal and external 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 Funding Council as they affect the College's business.

The College's internal auditors monitor the systems of internal control in accordance with an agreed plan of input and report their findings to management and the Audit Committee.

Management is 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 Corporation on the appointment of internal and external auditors and their remuneration for both audit and non-audit work.

Internal Control

Scope of responsibility

The Corporation 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 Corporation has delegated the day to day responsibility to the Principal, as Accounting Officer for maintaining a sound system of control that supports the achievement of the College's policies, aims and objectives whilst safeguarding the public funds and assets for which she is personally responsible, in accordance with the responsibilities assigned to her in the Financial Memorandum between the College and the Funding Council. She is also responsible for reporting to the Corporation any material weaknesses or breakdowns in internal control.

Statement of Corporate Governance and Internal Control (continued)

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 ongoing 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 to manage them efficiently, effectively and economically. The system of internal control has been in place in the College for the year ended 31 July 2015, and up to the date of approval of the annual report and accounts.

Capacity to handle risk

The Corporation 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 Corporation is of the view that there is a formal ongoing process for identifying, evaluating, and managing the College's significant risks that has been in place for the year ending 31 July 2015 and up to the date of approval of the annual report and accounts. This process is regularly reviewed by the Corporation.

The risk and control framework

The system of internal financial 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.

Knowsley Community College has an internal audit service, which operates in accordance with the requirements of the Council's 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 College's governing body on the recommendation of the Audit Committee.

At least annually, the head of internal audit (HIA) provides the governing body with a report on internal audit activity in the College. The report includes the HIA's independent opinion on the adequacy and effectiveness of the College's system of risk management, controls, and governance processes.

Statement of Corporate Governance and Internal Control (continued)

The Principal has been advised on the implications of the result of her review of the effectiveness of the system of internal control by the Audit Committee which oversees the work of the internal auditor, and a plan to address weaknesses and ensure continuous improvement of the system is in place.

The senior leadership 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 College's departments/faculties and reinforced by risk awareness training. The senior leadership team and the Audit Committee also receive regular reports from Internal Audit, 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 Corporation's agenda includes a regular item for consideration of risk and control and receives reports therein from the senior management team and Audit Committee. The emphasis is on obtaining the relevant degree of assurance, not merely reporting by exception. At its December 2015 meeting, the Corporation carried out the annual assessment for the year ended 31 July 2015 by considering documentation from the senior management team and internal audit, and taking account of events since 31 July 2015.

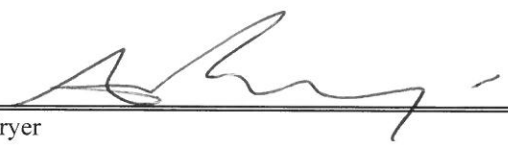
The Audit Committee considers that the College has an adequate and effective control system and that the Governing body can rely on the systems that are in place.

Going Concern

After making appropriate enquiries, the Corporation 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.

Signed:

Chair: Mr M Flinn

Signed: 

Principal: A Pryer

Date: 10 December 2015

Independent auditor's report to the Corporation of Knowsley Community College

We have audited the College financial statements ("the financial statements") of Knowsley Community College for the year ended 31 July 2015 set out on pages 25 to 50. The financial reporting framework that has been applied in their preparation is applicable law and UK Generally Accepted Accounting Practice.

This report is made solely to the Corporation, as a body, in accordance with Article 15 of the College's Articles of Government. Our audit work has been undertaken so that we might state to the Corporation, as a 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 Corporation, as a body, for our audit work, for this report, or for the opinions we have formed.

Respective Responsibilities of the Corporation of Knowsley Community College and Auditor

As explained more fully in the Statement of the Corporation's responsibilities set out on page 15, the Corporation is responsible for the preparation of financial statements which give a true and fair view.

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

Scope of the audit of the financial statements

An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of: whether the accounting policies are appropriate to the College's circumstances and have been consistently applied and adequately disclosed; the reasonableness of significant accounting estimates made by the Corporation; and the overall presentation of the financial statements. In addition, we read all the financial and non-financial information in the Operating and Financial Review to identify material inconsistencies with the audited financial statements and to identify any information that is apparently materially incorrect based on, or materially inconsistent with, the knowledge acquired by us in the course of performing the audit. If we become aware of any apparent material misstatements or inconsistencies, we consider the implications for our report.

Opinion on financial statements

In our opinion the financial statements:

- give a true and fair view of the state of the College's affairs as at 31 July 2015 and of the College's surplus for the year then ended;
- have been properly prepared in accordance with UK Generally Accepted Accounting Practice; and
- have been properly prepared in accordance with the 2007 Statement of Recommended Practice – Accounting for Further and Higher Education.

Opinion on other matters prescribed by the Joint Audit Code of Practice issued jointly by the Skills Funding Agency and the Education Funding Agency

In our opinion:

- proper accounting records have been kept, and
- the financial statements are in agreement with the accounting records.

Amanda Latham

Amanda Latham
For and on behalf of KPMG LLP, Statutory Auditor
Chartered Accountants
1 St Peter's Square
Manchester
M2 3AE
17 DECEMBER 2015

Reporting Accountant's Report on Regularity to the Corporation of Knowsley Community College and the Secretary of State for Business, Innovation and Skills acting through Skills Funding Agency

In accordance with the terms of our engagement letter dated 1 October 2015 and further to the requirements of the financial memorandum with Skills Funding Agency we have carried out an engagement to obtain limited assurance about whether anything has come to our attention that would suggest that in all material respects the expenditure disbursed and income received by Knowsley Community College during the period 1 August 2014 to 31 July 2015 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 Joint Audit Code of Practice issued jointly by Skills Funding Agency and Education Funding Agency. In line with this framework, our work has specifically not considered income received from the main funding grants generated through the Individualised Learner Record (ILR) returns, for which the Skills Funding Agency has other assurance arrangements in place.

This report is made solely to the corporation of Knowsley Community College and the Skills Funding Agency in accordance with the terms of our engagement letter. Our work has been undertaken so that we might state to the corporation of Knowsley Community College and Skills Funding Agency 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 corporation of Knowsley Community College and Skills Funding Agency for our work, for this report, or for the conclusion we have formed.

Respective responsibilities of Knowsley Community College and the reporting accountant

The corporation of Knowsley Community 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 to obtain limited assurance and report in accordance with our engagement letter and the requirements of the Joint Audit Code of Practice. 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 2014 to 31 July 2015 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 Joint Audit Code of Practice issued jointly by Skills Funding Agency and Education Funding Agency. 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.

The work undertaken to draw our conclusion included:

- Documenting the framework of authorities which govern the activities of the College;
- Reviewing the evidence supporting the representations included in the Chair of Governors and Accounting Officer's statement on regularity, propriety and compliance with the framework of authorities;
- Undertaking a risk assessment based on our understanding of the general control environment and any weaknesses in internal controls identified by our audit of the financial statements;
- Reviewing the output from the self-assessment questionnaires completed by the Corporation;
- Testing compliance with delegated authorities for a sample of material transactions;
- Testing transactions with related parties;
- Confirming through enquiry and sample testing that the College has complied with its procurement policies and that these policies comply with delegated authorities; and
- Reviewing any evidence of impropriety resulting from our work and determining whether it was significant enough to be referred to in our regularity report.

This list is not exhaustive and we performed additional procedures designed to provide us with sufficient appropriate evidence to express a negative conclusion on regularity consistent with the requirements of the Joint Audit Code of Practice.

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 2014 to 31 July 2015 has not been applied to purposes intended by Parliament and the financial transactions do not conform to the authorities which govern them.

Amanda Latham

Amanda Latham
For and on behalf of KPMG LLP, Reporting Accountant
1 St Peter's Square
Manchester
M2 3AE

17 December 2015

KNOWSLEY COMMUNITY COLLEGE

INCOME AND EXPENDITURE ACCOUNT

	Notes	*2015*		*2014 (Restated)*	
		£000	*£000*	*£000*	*£000*
Income					
Funding Body Grants	2		12666		13313
Tuition fees and education contracts	3		1912		1179
Other income	4		334		594
Endowment and investment income	5		14		8
Total income			14926		15094
Expenditure					
Staff costs	6	7948		9396	
Restructuring costs	6	360		556	
Other operating expenses	8	5683		5483	
Depreciation	12	646		645	
Interest and other finance costs	9	181		301	
Total expenditure			14818		16381
Surplus on continuing operations after depreciation of tangible fixed assets at valuation, exceptional items but before tax			108		(1287)
Profit on Disposal of Assets	12		3218		-
Surplus on continuing operations after depreciation of assets at valuation, exceptional items and disposal of assets but beforetax			3326		(1287)
Taxation			0		
Surplus on continuing operations after depreciation of assets at valuation, exceptional items and disposal of assets but after tax			3326		(1287)
Surplus for the year retained within general reserves	19		3326		(1287)

The income and expenditure is in respect of continuing operations

The accompanying notes form part of the financial statements.

STATEMENT OF HISTORICAL COST SURPLUSES AND DEFICITS

	Notes	*2015*	*2014 (Restated)*
		£000	*£000*
Deficit on continuing operations before taxation		3326	(1287)
Difference between historical cost depreciation and the actual charge for the year calculated on the revalued amount	18	75	13
Disposal of fixed Assets		0	0
Historical Cost Deficit for the Year before and after taxation		3401	(1274)

STATEMENT OF TOTAL RECOGNISED GAINS AND LOSSES

	Notes	*2015*	*2014 (Restated)*
		£000	*£000*
Deficit on continuing operations after depreciation of assets at valuation and tax		3326	(1287)
Unrealised surplus on revaluation of fixed assets		0	2978
Appreciation of endowment asset investments		-	-
Actuarial gain / (loss) in respect of pension scheme	20	(1491)	376
New endowments		-	-
Total recognised (loss)/gain since last report		1835	2067
Reconciliation			
Opening reserves and endowments		(2790)	(4857)
Total recognised gains / (losses) for the year		1835	2067
Closing reserves and endowments		(955)	(2790)

The accompanying notes form part of the financial statements.

KNOWSLEY COMMUNITY COLLEGE

BALANCE SHEETS AS AT 31 JULY 2015

	Notes	Notes	2015	2014 (Restated)
			£000	£000
Fixed assets				
Tangible assets		12	17190	15478
Investments		13	50	70
			17240	15548
Current assets				
Stock			22	22
Debtors		14	489	208
Assets held for sale			2954	4481
Investments			6174	0
Cash at bank and in hand			3665	1662
Total current assets			13304	6373
Creditors: amounts falling due within one year		15	(2087)	(2333)
Net current assets			11217	4040
Total assets less current liabilities			28457	19588
Creditors: amounts falling due after more than one year				
Long term loans		16	(7641)	(8098)
Net assets excluding pension liability			20816	11490
Net pension liability			(7587)	(6198)
Net assets including pension liability			13229	5292
Deferred capital grants		17	12233	6126
Reserves				
Income and expenditure account excluding pension reserve		19	4558	1264
Pension reserve		20	(7587)	(6198)
Income and expenditure account including pension reserve			(3029)	(4934)
Revaluation reserve		18	4025	4100
Total Reserves			996	(834)
TOTAL FUNDS			13229	5292

The financial statements on pages 25 to 28 were approved by the corporation on 10 December 2015 and were signed on its behalf by:

M. Flinn
Chairman

A.Pryer
Principal

The accompanying notes form part of the financial statements.

KNOWSLEY COMMUNITY COLLEGE

CASH FLOW STATEMENT

	Notes	*2015*	*2014 (Restated)*
		£000	*£000*
Cash inflow/(outflow) from operating activities	21	3484	(1900)
Returns on investments and servicing of finance	23	(141)	(186)
Taxation		-	-
Capital expenditure and financial investment	23	5440	(678)
Financing	23	(602)	(696)
Increase/(Decrease) in cash in the year		8181	(3460)

Reconciliation of net cash flow to movement in net debt	*£000*	*£000*
Increase/(Decrease)in cash in the year	8181	(3460)
Change in net debt resulting from cash flows	602	696
Movement in net debt in the year	8783	(2764)
Net debt at 1 August 2014	(6735)	(3971)
Net debt at 31 July 2015	2048	(6735)

The accompanying notes form part of the financial statements.

KNOWSLEY COMMUNITY COLLEGE

NOTES TO THE ACCOUNTS

1 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 2007 (the SORP) and in accordance with applicable accounting standards. They conform to guidance published by the SFA, in the Accounts Direction Handbook.

Basis of Accounting

The financial statements are prepared in accordance with the historical cost convention modified by the revaluation of certain fixed assets and in accordance with applicable United Kingdom Accounting Standards.

Going Concern

The activities of the College, together with the factors likely to affect its future development and performance are set out in the Operating Financial Review. 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 £4.795 million of loans outstanding with bankers. The terms of the existing agreement are for a further 17 years secured by a fixed charge on the College's Roby site. 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.

Basis of Consolidation

In accordance with Financial Reporting Standard (FRS 2), the activities of the student union have not been consolidated because the College does not control those activities. All financial statements are made up to 31 July 2015.

Recognition of Income

The recurrent grants from the Funding Agencies represent the funding allocations attributable to the current financial year and are credited directly to the income and expenditure account. Recurrent grants are recognised in line with planned activity. Any under-achievement against this planned activity is adjusted in-year and reflected in the level of recurrent grant recognised in the income and expenditure account.

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

Income from tuition fees is recognised in the period for which it is received and includes all fees payable by students or their sponsors.

Income from grants, contracts, and other services rendered is included to the extent of the completion of the contract or service concerned.

All income from short term deposits is credited to the Income and Expenditure account in the period in which it is earned.

1 ACCOUNTING POLICIES (continued)

Post-Retirement Benefits

Retirement benefits to employees of the college are provided by Teachers' Pensions Scheme (TPS) and the Merseyside Local Government Superannuation Scheme (MLGSS). These are defined benefit schemes which are externally funded and contracted out of the State Earnings Related Pension Scheme (SERPS).

Contributions to the TPS are charged to the income and expenditure account 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 quinquennial valuations using a prospective benefit method.

The assets of the MLGSS are measured using closing market values. MLGSS liabilities are measured using the projected unit method and discounted at the current rate of return on a high quality corporate bond of equivalent term and currency to the liability. The increase in the present value of the liabilities of the scheme expected to arise from employee service in the period is charged to the operating surplus. The expected return on the schemes assets and the increase during the period in the present value of the scheme's liabilities, arising from the passage of time, are included in the pension finance cost. Actuarial gains and losses are recognised in the Statement of Total Recognised Gains and Losses.

Tangible Fixed Assets

a. Land and buildings

Land and buildings inherited from the local education authority are stated in the balance sheet at valuation on the basis of either open market value or estimated continuing use, as appropriate. Land and buildings acquired since incorporation are included in the balance sheet at cost. Freehold land is not depreciated. Freehold buildings are depreciated over their expected useful economic life to the College of 50 years.

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 income and expenditure account over the expected useful economic life of the related asset on a basis consistent with the depreciation policy.

Assets under Construction

Assets under construction are accounted for at cost incurred to 31 July 2015. They are not depreciated until they are brought into use.

b. Equipment

Equipment costing less that £500 per individual item is written off to the income and expenditure account in the period of acquisition. All other equipment is capitalised at cost. Equipment inherited from the local education authority is included in the balance sheet at depreciated cost.

Inherited equipment is depreciated on a straight-line basis over its remaining useful economic life to the college of 10 years for fixed plant and 5 years for moveable plant. All other equipment is depreciated over its useful economic life as follows:

Motor vehicles	25% per year
Fixtures & Fittings	20% per year
Computer equipment	33 1/3% per year

1 ACCOUNTING POLICIES (continued)

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 the income and expenditure account over the expected useful economic life of the related equipment.

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 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.

Investments

Fixed asset investments are carried at historical cost less any provision for a permanent diminution in their value.

The College has two Advance Payment Bonds held with RBS and KMBC relating to Stockbridge Lane capital project as at 31st July 2015. There are binding legal agreements attached to both bonds, which means that if the project were to collapse, the College would be able to claw-back the remaining values of the two bonds. The bonds therefore are viewed as 'liquid' asset, and as such, is accounted as Current Assets.

Stocks

Stocks are stated at the lower of their cost and net realisable value. Where necessary, provision is made for obsolete, slow moving and defective stocks.

Maintenance of Premises

The cost of routine corrective maintenance is charged to the income and expenditure account in the period it is incurred.

Taxation

As an exempt charity the College benefits by being broadly exempt from corporation tax on income and Capital Gains.

The College is exempt from levying VAT on most of the services it provides to students. For this reason the College is generally unable to recover input VAT it suffers on goods and services purchased.

Provisions

Provisions are recognised when the College has a present legal or constructive obligation as the 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.

Agency Arrangements

The College acts as an agent in the collection and payment of Discretionary Support Grant (DSG). Related payments received from the Funding Council and disbursements to students are excluded from the Income and Expenditure Account and are shown separately in note 27.

NOTES TO THE FINANCIAL STATEMENTS

2 FUNDING COUNCIL GRANTS

	2015 *£000*	*2014* *£000* *(Restated)*
Recurrent grant EFA	8036	8118
Recurrent grant SFA 19+ Allocation	3786	4199
Apprenticeships 16-18	455	526
Release of deferred capital grants		
- Buildings (note 18)	33	33
- Equipment (note 18)	62	62
Adult Safeguarded provision (PCDL)	294	294
Other funds	0	81
	12666	13313

NOTES TO THE FINANCIAL STATEMENTS (contd)

3 TUITION FEES AND EDUCATION CONTRACTS

		2015	*2014 (Restated)*
		£000	*£000*
UK Further Education Students - fees paid by or on behalf of individual students		290	207
Education contracts	- H.E.	950	987
	- LEA	221	12
	- Other	63	(27)
	Student Loan	388	0
		1912	1179

4 OTHER OPERATING INCOME

	2015	*2014 (Restated)*
	£000	*£000*
Catering and residence operations	13	16
Releases from deferred capital grants (non Funding Council)	99	99
Other income	222	479
	334	594

5 ENDOWMENT AND INVESTMENT INCOME

	2015	*2014 (Restated)*
	£000	*£000*
Other interest receivable	14	8
	14	8

NOTES TO THE FINANCIAL STATEMENTS

6 STAFF COSTS

The average number of persons (including senior post holders) employed by the College during the period, expressed as full-time equivalents, was:

	2015	*2014 (Restated)*
	No.	*No.*
Teaching staff	113	150
Other staff	114	117
	227	267

Staff costs for the above persons:

	2015	*2014 (Restated)*
	£000	*£000*
Wages and salaries	6866	8081
Social security costs	501	606
Other pension costs	581	709
	7948	9396
Restructuring costs	360	556
	8308	9952

The number of senior postholders and other staff who received emoluments, excluding pension contributions but including benefits in kind, in the following ranges was :

	Senior post-holders		**Other Staff**	
	2015	*2014 (Restated)*	*2015*	*2014 (Restated)*
	£000	*£000*	*£000*	*£000*
£70,001 to £80,000	1	-	1	1
£80,001 to £90,000	-	-	-	1
£90,001 to £100,000	-	-	-	-
£100,001 to £110,000	1	-	-	-
£110,001 to £120,000	-	1	-	-
£120,001 to £130,000	-	-	-	-
	2	1	1	2

One senior postholder received emoluments (calculated on a FTE basis) in the range £40,000 to £50,000
The College Deputy principal left at the end of August 2014 and was replaced in October 2014.
Banding has been calculated using a proportion of both the previous and new Deputy Principal's salaries.
and new Deputy Principal's salaries.

7 SENIOR POSTHOLDERS EMOLUMENTS

Senior post-holders are defined as the Principal and holders of the other senior posts whom the Board have selected for the purpose of the articles of government of the college relating to the appointment and promotion of staff who are appointed by the Board of Governors.

	2015	*2014 (Restated)*
	No.	*No.*
The number of senior post-holders including the Principal was :	3	2

	2015	*2014*
Senior post-holders emoluments are made up as follows :	*£000*	*£000*
Salaries	202	133
Benefits in kind	-	-
Pension contributions	22	15
Total emoluments	224	148

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

	2015	*2014 (Restated)*
	£000	*£000*
Salaries	108	112
Benefits in kind	-	-
Pension contributions	12	13
Total emoluments	120	125

The pension contributions in respect of the Principal and senior post-holders are in respect of employer's contributions to the Merseyside Superannuation Scheme and are paid at the same rate as for other employees.

The members of the Corporation other than the Principal did not receive any payment from the college other than the reimbursement of travel and subsistence expenses incurred in the course of their duties.

8 OTHER OPERATING EXPENSES

	2015	*2014 (Restated)*
	£000	*£000*
Teaching departments	588	601
Teaching support services	39	57
Other support services	173	90
Administration and central services	433	482
General education expenditure	641	841
Premises - Running costs	1086	1080
- Maintenance	175	285
- Rents and Leases	4	11
Catering and residences	86	39
Other expenses	2458	1997
	5683	5483

Other operating expenses include:

	2015	*2014 (Restated)*
	£000	*£000*
Auditors remuneration		
- internal audit	23	23
- external audit	27	27
Hire of plant and machinery - operating leases	75	84
Hire of other assets - operating leases	-	487

9 INTEREST PAYABLE

	2015	*2014 (Restated)*
On bank loans, overdrafts and other loans:	*£000*	*£000*
Repayable wholly or partly in more than five years	75	81
FRS 17 Pension finance costs	26	107
HP Interest	80	113
	181	301

10 TAXATION

The Governors do not believe the College was liable for any corporation tax arising out of its activities during this period or the prior period.

11 DEFICIT ON CONTINUING OPERATIONS FOR THE PERIOD

The income and expenditure account of the College is not presented as part of these accounts. The College's result for the period is set out below :

The deficit on continuing operations for the period is made up as follows:	*2015* *£000*	*2014 (Restated)* *£000*
College's deficit for the period	3326	(1287)
	3326	(1287)

NOTES TO THE FINANCIAL STATEMENTS (contd)

12 TANGIBLE FIXED ASSETS

	Freehold Land	*Assets under Construction*	*Buildings*	*Fixed Plant*	*Moveable Plant*	*Fixtures & Fittings*	*Computers*	*Motor Vehicles*	*Total*
	£000	*£000*	*£000*	*£000*	*£000*	*£000*	*£000*	*£000*	*£000*
Cost or valuation									
At 1 August 2014	725	169	17402	346	2129	1396	2942	70	25179
Additions		861			20				881
Transfer from * assets held for sale			1477						1477
At 31 July 2015	**725**	**1030**	**18879**	**346**	**2149**	**1396**	**2942**	**70**	**27537**
Depreciation									
At 1 August 2014	-		3262	346	1823	1373	2829	68	9701
Charge for year	-		350	0	232	6	56	2	646
Assets for sale	-								
At 31 July 2015	**-**	**-**	**3612**	**346**	**2055**	**1379**	**2885**	**70**	**10347**
Net book value									
At 31 July 2015	**725**	**1030**	**15267**	**0**	**94**	**17**	**57**	**0**	**17190**
These assets have been funded as follows:									
Inherited	725		335	-		-	-	-	1060
Capital grant	-		5121	-		17	57	-	5195
Other	-	1030	6895	-	94	-	-	-	8019
Revaluation			2916						2916
	725	**1030**	**15267**	**0**	**94**	**17**	**57**	**0**	**17190**
Net book value at 31 July 2014	725	169	14140	0	306	23	113	2	15478

*Following a successful LEP Bid the college is to retain approximately 1/3 of the Kirkby site. (Valuation of £1.477 million) Therefore a transfer from Assets held for resale on the Balance sheet has been made.

The College has amended its treatment of HP leases. Assets purchases under these HP agreements have now been capitalised . As 2014 figures are affected accounts for 2014 have been restated.

NOTES TO THE FINANCIAL STATEMENTS (contd)

13 INVESTMENTS

The College owns 24 per cent of the ordinary issued ordinary capital of Liverpool Media Academy (NW) Ltd.

14 DEBTORS

	2015	*2014 (Restated)*
	£000	*£000*
Amounts Falling Due within One Year		
Trade debtors	115	46
Prepayments and accrued income	374	162
	489	208

15 CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	2015	*2014 (Restated)*
	£000	*£000*
Bank loans and overdrafts (note 16)	379	379
Obligations under Finance Leases	78	223
Trade creditors	340	451
Other taxation and social security	133	144
Accruals and Deferred Income	1157	1136
	2087	2333

16 CREDITORS: AMOUNTS FALLING DUE AFTER ONE YEAR

	2015	*2014 (Restated)*
	£000	*£000*
Bank loans	4491	5020
Other Loans	3150	3000
HP Lease	-	78
	7641	8098

NOTES TO THE FINANCIAL STATEMENTS (contd)

16 CREDITORS: AMOUNTS FALLING DUE AFTER ONE YEAR (contd)
BORROWINGS

Bank loans and overdrafts

Bank loans and overdrafts are repayable as follows:

	2015	*2014 (Restated)*
The loans are repayable as follows:	*£000*	*£000*
Due within one year	379	379
Due within one to two years	3379	3379
Due between two to five years	1137	1137
Due after more than five years	3125	3504
	8020	8399
Due within one year	379	379
Due after one year	7641	8020
	8020	8399

The College has an agreed loan facility payable over twenty two years of £6.3 million with Lloyds TSB Bank Plc.

The loan is unsecured and has approximately eighteen years remaining.

Finance Leases

The net finance lease obligations to which the college is committed are;	*2015*	*2014 (Restated)*
Due within one year	78	223
Due within one to two years	-	78
	78	301

NOTES TO THE FINANCIAL STATEMENTS (contd)

17 DEFERRED CAPITAL GRANTS

	Funding Council	Other Grants	Total
	£000	*£000*	*£000*
At 1 August 2014	5769	357	6126
Cash Received	6301	-	6301
Released to income and expenditure account	(95)	(99)	(194)
Disposal			0
At 31 July 2015	11975	258	12233

18 REVALUATION RESERVE

	2015	*2014 (Restated)*
	£000	*£000*
At 1 August 2014	4100	1135
Transfer from revaluation reserve to income and expenditure account in respect of depreciation on revalued assets	(75)	(13)
Revaluation	0	2978
At 31 July 2015	4025	4100

19 MOVEMENT ON GENERAL RESERVES

	2015	*2014 (Restated)*
	£000	*£000*
Income and expenditure account reserve		
At 1 August 2014	(4934)	(4036)
Surplus accumulated for the year	3326	(1287)
Transfer from revaluation reserve to Income and Expenditure Account	75	13
Actuarial gain/(loss) in respect of pension scheme	(1491)	376
At 31 July 2015	(3024)	(4934)
Balance represented by:		
Pension reserve	(7587)	(6198)
Income and expenditure account excluding pension reserve	4558	1264
At 31 July 2015	(3029)	(4934)

NOTES TO THE FINANCIAL STATEMENTS (contd)

20 PENSIONS AND SIMILAR OBLIGATIONS

The College's employees belong to two principal pension schemes, the Teachers' Pension Scheme England and Wales (TPS) for academic and related staff, and the Local Government Pension Scheme (MLGPS) for non-teaching staff, which is managed by Wirral Borough Council. Both are defined benefit schemes.

Total Pension Costs for the year	*2015*	*2014*
	£000	*£000*
Teachers Pension Scheme: contributions paid	591	683
Local Government Pension Scheme:		
Contributions Paid	731	453
FRS 17 Charge	26	107
Total Pension Cost for Year	1348	1243

The pension costs are assessed in accordance with the advice of independent qualified actuaries. The latest actuarial valuations of the TPS was 31 March 2004 and the MLGPS 31 March 2010.

Teachers' Pension Scheme

The Teachers' Pension Scheme is an unfunded defined benefit scheme. Contributions on a "pay as you go" basis are credited to the Exchequer under arrangements governed by the Superannuation Act 1972. A notional asset value is ascribed to the scheme for the purpose of determining contribution rates.

The pensions cost is assessed every five years in accordance with the advice of the government actuary. The assumptions and other data that have the most significant effect on the determination of the contribution levels are as follows:

Latest actuarial valuations	31 March 2004
Actuarial method	Prospective Benefits
Investment returns per annum	6.5%
Salary scale increases per annum	5.0%
Market value of the assets at date of last valuation	£162,650m
Proportion of members' accrued benefits covered by the actuarial value of the assets	98.8% *

Following the implementation of Teachers' Pensions (Employers' Supplementary Contributions) Regulations 2000, the government actuary carried out a further review on the level of employers contributions. For the period from 1 August 2014 to 31 July 2015 the employer contribution rate was 14.1%. The employee rate was 7.4% and 10.2% depending on the member's salary from 1 April 2012.

20 PENSIONS AND SIMILAR OBLIGATIONS (contd)

FRS 17

Under the definitions set out in Financial Reporting Standard 17 (Retirement Benefits), the TPS is a multi-employer pension scheme. The College is unable to identify its share of the underlying assets and liabilities of the scheme. Accordingly, the College has taken advantage of the exemption in FRS 17 and has accounted for its contributions to the scheme as if it were a defined contribution scheme. The College has set out above the information available on the scheme and the implications for the College in terms of the anticipated contribution rates.

Merseyside Local Government Pension Scheme

The MLGPS is a funded defined benefit scheme, with the assets held in a separate trustee administered funds. The total contribution made for the year ended 31 July 2015 was £725,926 of which the employers contributions totalled £572,345 and employees contributions totalled £153,581. The agreed contribution rates are 12.2% from 1 April 2014 for employers and between 5.5% and 10.5% for employees (based on pensionable pay).

FRS 17

Principal Actuarial Assumptions

	At 31 July 2015	At 31 July 2014
Rate of increase in salaries	3.7%	3.8%
Rate of increase in pensions	2.2%	2.3%
Discount rate for liabilities	3.8%	4.3%
Commutation of pensions to lump sums	50.0%	50.0%

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

	At 31 July 2015	At 31 July 2014
Retiring today	**Years**	**Years**
Males	22.40	22.30
Females	25.30	25.20
Retiring in 20 years		
Males	24.80	24.70
Females	28.10	28.00

NOTES TO THE FINANCIAL STATEMENTS (contd)

20 PENSIONS AND SIMILAR OBLIGATIONS (contd)

The assets in the scheme (of which the College's share is estimated at 0.21%) and the expected rates of return were:

	Long term rate of return expected at 31 July 2015	**Value at 31 July 2015 *£000***	**Long term rate of return expected at 31 July 2014**	**Value at 31 July 2014 *£000***
Equities	6.5%	11303	7.0%	10162
Government Bonds	2.5%	2595	3.2%	2313
Other Bonds	3.6%	978	4.1%	388
Property	6.1%	1617	6.2%	1317
Cash	0.5%	545	0.5%	743
Other	6.5%	1768	7.0%	1958
Total market value of assets		18806		16881
Present value of scheme liabilities		(26393)		(23079)
Related deferred tax liability		-		-
Deficit in the scheme		(7587)		(6198)

Analysis of the amount charged to the income and expenditure account

	2015	*2014*
	£000	*£000*
Employer service cost (net of employee contributions)	442	507
Past service gain	-	-
Total operating charge	442	507

Analysis of pension finance income/(costs)

Expected return on pension scheme assets	968	921
Interest on pension scheme liabilities	(994)	(996)
Pension finance costs	(26)	(75)

NOTES TO THE FINANCIAL STATEMENTS (contd)

20 PENSIONS AND SIMILAR OBLIGATIONS (contd)

Amounts recognised in the statements of total recognised gains and losses (STRGL)

	2015	*2014*
	£000	*£000*
Actual return less expected return on pension scheme assets	691	192
Experience gains and losses arising on scheme liabilities	(2182)	184
Change in financial and demographic assumptions underlying the scheme liabilities	-	-
Actuarial gain/(loss) recognised in STRGL	(1491)	376

Movement in surplus during the year	*2015*	*2014*
	£000	*£000*
Deficit in scheme at beginning of year	(6198)	(6467)
Movement in year:		
Current service charge	(442)	(507)
Contributions	570	537
Past service gain	-	-
Net interest/return on assets	(26)	(75)
Effect of curtailments or settlements	0	(62)
Actuarial gain or loss	(1491)	376
Surplus (deficit) in scheme at end of year	(7587)	(6198)

Asset and Liability Reconciliation	*2015*	*2014*
	£000	*£000*
Reconciliation of Liabilities:		
Liabilities at start of period	23079	22036
Service cost	442	507
Interest cost	994	996
Employee contributions	154	165
Actuarial (gain)/loss	2182	(184)
Benefits paid	(458)	(503)
Curtailments and settlements		62
Liabilities at end of period	26393	23079

Reconciliation of Assets:		
Assets at start of period	16881	15569
Expected return on assets	968	921
Actuarial gain/(loss)	691	192
Employer contributions	570	537
Employee contributions	154	165
Benefits paid	(458)	(503)
Administration Costs	0	0
Assets at end of period	18806	16881

NOTES TO THE FINANCIAL STATEMENTS (contd)

20 PENSIONS AND SIMILAR OBLIGATIONS (contd)

History of experience gains or losses	*2015*	*2014*	*2013*	*2012*	*2011*	*2010*	*2009*
	£000	*£000*	*£000*	*£000*	*£000*	*£000*	*£000*
Difference between the expected and actual return on assets:							
Amount	691	192	1508	(633)	919	846	(1191)
% of scheme assets	4.0%	1.1%	9.7%	4.9%	7.4%	8.1%	13.5%
Experience gains and losses on scheme liabilities:							
Amount	(2182)	(184)	434	(1011)	414	-	-
% of scheme liabilities	8.3%	2.0%	2.0%	5.0%	2.4%	-	-
Total amount recognised in STRGL:							
Amount	(1491)	(376)	(1074)	1644	(829)	581	(465)
% of scheme liabilities	5.6%	1.6%	4.9%	8.2%	4.7%	(3.6)%	3.2%

21 RECONCILIATION OF OPERATING DEFICIT TO NET CASH OUTFLOW FROM OPERATING ACTIVITIES

	2015	*2014 (Restated)*
	£000	*£000*
Deficit on continuing operations after depreciation of assets at valuation and tax	3326	(1287)
Depreciation (note 12)	646	661
Deferred capital grants released to income (notes 2 and 4)	(194)	(194)
Decrease in stocks	0	(5)
Decrease in Assets held for resale	(50)	0
Interest payable	155	301
Interest receivable	(14)	(8)
FRS 17 pension cost less contribution payable	0	0
Decrease/(increase) in debtors	(69)	(30)
Decrease/(increase) in prepayments and accrued income	(213)	202
Increase/(decrease) in creditors	(112)	98
Increase in other taxation and social security	(12)	(228)
Increase in accruals	21	(1410)
Net cash inflow/(outflow) from operating activities	3484	(1900)

NOTES TO THE FINANCIAL STATEMENTS (contd)

22 ANALYSIS OF CHANGES IN NET DEBT

	At 1 Aug 2014	Cashflows	Other Changes	At 31 July 2015
	£000	*£000*	*£000*	*£000*
Cash in bank and in hand	1662	2003	-	3665
Debt due	(8096)	379	-	(7717)
Finance Leases	(301)	223		(78)
Current asset Investments	0	6174		6174
Total	(6735)	8779	-	2044

23 ANALYSIS OF CASH FLOWS FOR HEADINGS NETTED IN THE CASH FLOW STATEMENT

	2015	*2014 (Restated)*
	£000	*£000*
Returns on investments and servicing of finance		
Interest received	14	8
Interest paid	(155)	(194)
Net cash outflow from returns on investments and servicing of finance	(141)	(186)
Capital Expenditure		
Purchase of fixed assets	(881)	(1584)
Sale of investment	20	0
Deferred capital grants receivable	6301	906
Deferred capital grants repayable	0	0
Net cash inflow/(outflow) for capital expenditure and financial investment	5440	(678)
Financing		
Debt due beyond a year :		
Repayments of amounts borrowed	(602)	(696)
Net cash outflow from financing	(602)	(696)

24 CAPITAL COMMITMENTS

	2015	*2014*
	£000	*£000 (Restated)*
Commitments authorised and contracted at 31 July 2015	6,174	0
	6,174	0

The College has £6.174 million held in two Advance Payment Bonds with RBS PLC and KMBC.The drawdowns will be actioned following the sign off of completed works by John Turner Constrution and the College's Project manager in 2015-16

25 FINANCIAL COMMITMENTS

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

	2015	*2014 (Restated)*
	£000	*£000*
Land and buildings		
Expiring within one year	-	-
Expiring between two and five years inclusive	-	-
Expiring in over five years	-	-
	-	-
Other		
Expiring within one year	43	43
Expiring between two and five years inclusive	11	54
Expiring in over five years	-	-
	54	97

College has revised its treatment of HP leases and they are now deemed finance leases rather than operating leases.

26 RELATED PARTY TRANSACTIONS

Due 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 member of the Board of Governors may have an interest. All transactions involving organisations in which a member of the Board of Governors may have an interest are conducted at arm's length and in accordance with the college's financial regulations and normal procurement procedures.

The Principal, Assistant Principal Finance & Resources and member of Finance & General purposes committee were directors of Liverpool Media Academy (NW) Ltd during the year.

Purchase transactions during the year were £1,314,000. There were no outstanding balance at year end.

NOTES TO THE FINANCIAL STATEMENTS (contd)

27 AMOUNTS DISBURSED AS AGENT

Learner Support Funds	*2015*	*2014 (Restated)*
	£000	*£000*
Hardship grants	751	719
Bursary Grant	339	376
Interest earned	-	-
	1090	1095
Disbursed to students	(865)	(1027)
Administration Costs	(54)	(36)
Balance unspent at 31 July 2013	171	32

Funding council grants are available solely for students; the College acts only as paying agent. The grants and related disbursements are therefore excluded from the Income and Expenditure Account.

28 CONTINGENT LIABILITIES

The College had no contingent liabilities during the year.

29 POST BALANCE SHEET EVENTS

There were no post balance sheet events.