
Aquinas College

Report and Financial Statements

∪ Year ended 31 July 2011 ∪

AQUINAS COLLEGE
Report and Financial Statements – Year ended 31 July 2011

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PROFESSIONAL ADVISORS

Financial Statement Auditors:

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Chartered Accountants
& Statutory Auditor
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M2 5NT

Tel: 0161 831 1100

Internal Auditors:

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York House
York Street
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M2 3BB

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Bankers:

Lloyds TSB
2 Great Underbank
Stockport
SK1 2LH

Tel: 0113 394 2192

Solicitors:

Gorvins
Tiviot House
Stockport
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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 2011.

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 incorporation 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 the Charities Act 1993, as amended by the Charities Act 2006.

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.

Implementation of strategic plan

The college's objectives are set out in the development plan first issued in July 2003 and most lately updated in July 2011. This development plan includes an accommodation update 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 control the college's severe over-subscription and to achieve stability in student numbers at 1883 (FTE) in the year to July 2011.
- To review and maintain the high success rates for students within college. The success rate for courses is presently around 82%.
- To continue to support the provision for adult education.
- 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.
- To oversee the final stages of the capital project to demolish the old college building and landscape the grounds and the short term financing is managed to as low a level as possible.

The college is on target for achieving these objectives.

The college's specific objectives for 2010/11 and achievement of those objectives is addressed below:

- To achieve full time 16-19 students of 1,883 based on funding levels. Actual full time 16-19 student numbers were 1906 learners. The slight over recruitment in numbers reflects the difficulty in managing the student numbers in the face of the large oversubscription. The college will continue to manage this area closely.
- Success rates of 85% for all long courses have been achieved in 2010/11.

Operating and Financial Review (continued)

Implementation of strategic plan (continued)

- Despite having been a successful centre for small numbers of students in Brinnington, a decision was made to close at the end of July 2011. This is due to the changes in support for students on benefits and meant that the centre was no longer viable. In the face of the public sector cuts, the main college could no longer subsidise the Brinnington centre.
- To further improve attendance in core studies and key skills by further enhancements to the attendance policy. This has been achieved through the continued work of the Attendance group.
- To utilise the Educational Development Centre in order to assess and develop the 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.
- The major capital build is now complete and is on time and on budget. Claims have been submitted to the SFA on a monthly basis thereby minimising the levels of short term funding required through the year.

Financial Objectives

The College's financial objectives are:

- To achieve an annual operating surplus, although this has been a challenge for the duration of the capital build.
- To complete the major capital project to budget and to time to generate sufficient levels of income to support the asset base of the College.
- To further improve the College's shorter term liquidity.
- To fund the continued major capital investment.

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

Performance indicators

The "Framework for Excellence" has three dimensions:

- Responsiveness
- Effectiveness
- Finance

Each of which has two or three Key Performance Areas. These Areas are further broken down into Performance Indicators supported by Performance Measures which are absolute measures of performance such as the outcome from a learner survey or a qualification success rate. In deriving the overall performance rating, the Framework gives equal weighting to each of the three dimensions.

The College is committed to observing the importance of the measures and indicators within the Framework and is monitoring these through the completion of the annual Finance Record for the Young People's Learning Agency (YPLA). The current rating of good is considered an acceptable outcome, as the college continues with the major capital project.

FINANCIAL POSITION

Financial Results

The college generated a historic cost surplus of £234,096 (2010: deficit £9,011).

Operating and Financial Review (continued)

Implementation of strategic plan (continued)

Financial Results (Continued)

The college has accumulated reserves of £1,871,558 (2010: £1,637,463) and cash balances of £3,366,734 of which £86,567 are amounts held as deposits on behalf of students (see Note 13).

Tangible fixed asset additions during the year amounted to £2,985,945. This was split between land and buildings acquired of £2,549,080 and equipment purchased of £436,864. In the main this relates to the new building. The building costs to date are £40.7 million and the building has replaced the old college buildings except for the sports hall.

The college has significant reliance on the YPLA/SFA for its principal funding source, largely from recurrent grants. In 2009/10 the YPLA/SFA provided 92.7% 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 Principal. Such arrangements are restricted by limits in the Financial Memorandum previously agreed with the LSC and subsequently transferred to the Skills Funding Agency/Stockport SMBC. 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 operating cash in flow of £1,520k (2010: £712k cash in flow) has arisen due to the management of the major capital scheme. The college loans crystallised in March 2011 and the full facility of £4.45m was drawn down. The additional loan of £2.15m was placed on deposit until the college is certain it will not be needed to provide short term funding and then it will be paid back.

Liquidity

The college has a loan with Lloyds TSB. There has been a requirement to draw down further short term funding to support the capital build. This short term funding has been kept to a minimum as the SFA grants have been received on a monthly basis.

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.

CURRENT AND FUTURE DEVELOPMENT AND PERFORMANCE

Student Numbers

The college is funded according to the units of activity it generates each year. In 2010/11 the college achieved an estimated 1906 16 – 18 (learners) and 3010 SLNs (standard learner number) against an allocation of 1883 16 – 18 (learners) and 70 post 19 (SLNs).

This shows minor growth over 2010/11, the college has attempted to control student numbers over the last few years in the face of a large over subscription.

Operating and Financial Review (continued)

Implementation of strategic plan (continued)

Student Achievements

Students achieved an estimated 90% of their qualification aims (2009/10: 87%).

Curriculum Developments

Methods of teaching and learning are under continuous review and development to ensure that the curriculum meets the needs of the local population.

Since the implementation of Curriculum 2000, we have encouraged students to select broad programmes of study and we find that students now study courses of greater challenge and diversity. New courses continue to be introduced at a rate of one or two a year with the least popular courses disappearing at the same rate. The introduction of the Extended Project Qualification has been a success with students using the qualification to bolster their University applications. Diplomas and functional skills have not enjoyed the success that was hoped for and together with vocational courses in general they are subject to a major national review. Diplomas no longer feature in our planning in line with the Local Authorities position but we continue to be involved in supporting their 14 – 19 strategies.

The Adult and Continuing Education programme has a curriculum which is informed by Local Learning Partnership needs analysis in relation to regeneration and economic development. The programme features a curriculum which supports the YPLA/Local Authorities 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.

Post Balance Sheet Events

There are no post balance sheet events to note.

Future developments

The new building was handed over on the 28th May 2010 and was occupied from 1st July 2010. The full project was completed in February 2011. The next period will ensure that the final costs are allocated to the project and all grant claims are submitted on time.

Payment Performance

The Late Payment of Commercial Debts (Interest) Act 1998, which came into force on 1 November 1998, requires colleges, in the absence of agreement to the contrary, to make payments to suppliers within 30 days of either the provision of goods or 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 per cent. During the accounting period 1 August 2010 to 31 July 2011, the College paid 92 per cent of its invoices within 30 days. Many of the invoices that were paid after 30 days related to the major capital scheme and invoices were raised before full installation and completion of works. These tend to be large invoices compared to the normal purchasing of the college and therefore have adversely affected the overall percentage for the year. The College incurred no interest charges in respect of late payment for this period.

Operating and Financial Review (continued)

Implementation of strategic plan (continued)

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.

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 £40.372million of net assets (there is no pension liability as the college is part of a pooled pension scheme – see Note 25) and long term debt of £4.256million.

People

The College employs 180 people (expressed as full time equivalents), of whom 118 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.

PRINCIPLE 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.

Based on the strategic plan, the Assistant Principal Finance 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, the Senior Management group (MGB) 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 LSC and its successor organisations. In 2010/11, 92.7% 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.

Operating and Financial Review (continued)

Principle risks and uncertainties (continued)

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

- The demand led funding system which applies a series of factors such as guided learning hours and success rates to calculate an amount of funding to be received for each learner. Such funding cannot be guaranteed though.
- The “Machinery of Government” changes which came into force from April 2010 and which saw the LSC dissolved and replaced with successor agencies such as the Young Peoples Learning Agency and the Skills Funding Agency (part of the DBIS).
- The funding of adult courses which is relying on the student to fund more of the course costs.

The risk is mitigated in a number of ways:

- By ensuring the College is rigorous in delivering high quality education and training.
- Considerable focus and investment is placed on maintaining and managing key relationships with various funding bodies.
- Ensuring the College is focused on those priority sectors which will continue to benefit from public funding.
- Regular dialogue with the local YPLA/Local Authorities.

2. Tuition fee policy

The SFA intend to raise individual contributions. Ministers have confirmed that the fee assumption will have been 50% in 2010/11 and will increase 50% in 2011/12. In line with the majority of other colleges, Aquinas College will increase tuition fees in accordance with the rising fee assumptions. The price elasticity of adult learning is not yet fully understood. The risk for the College is that demand falls off as fees increased. This will impact on the growth strategy of the College.

This risk is mitigated in a number of ways:

- By ensuring 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 prices change

3. Major capital scheme

The scheme had a separate risk register picking up those risks specific to the major project. This has been reviewed regularly by the project team and included in each audit committee meeting.

STAKEHOLDER RELATIONSHIPS

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

- Students;
- Funding Councils;
- Staff;
- Local employers;
- Local authorities;

Operating and Financial Review (continued)

Principle risks and uncertainties (continued)

- Government Offices/Regional Development Agencies;
- The local community;
- Other FE institutions;
- Trade unions;
- Professional bodies.
- Diocese

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 corporation 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 personnel manager and where appropriate, checks its procedures with the local authority's Human Resources Service to ensure consistency in personnel matters. 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. 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.

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 head of department meetings (steering group). In addition, there are small groups dealing with quality and curriculum. The senior management team meets weekly.

Equal Opportunities and Employment of Disabled Persons

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 Equal Opportunities Policy, including its Race Relations and Transgender Policies, is published on the College's Internet site.

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 to those for other employees.

Operating and Financial Review (continued)

Principle risks and uncertainties (continued)

Disability Statement

The college seeks to achieve the objectives set down in the Disability Discrimination Act (DDA) 1995 as amended by the Special Education Needs and Disability Act 2001 and 2005 and in particular makes the following commitments:

- a. The new college buildings are fully DDA compliant.
- b. There is a list of specialist equipment, which the college can make available for use by students;
- c. The admissions policy for all students is described in the college charter. Appeals against a decision not to offer a place are dealt with under the complaints policy;
- d. The college had made a significant investment in the appointment of specialist lecturers to support students with learning difficulties and/or disabilities. There are a number of student 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;
- e. Specialist programmes are described in programme information guides, and achievements and destination are recorded and published in the standard college format;
- f. Counselling and welfare services are described in the college charter.

Planned Maintenance Programme

The college has now completed the building of the new college campus. We have tendered and secured a maintenance contract which will be undertaken by an external firm as many components of the building are complex. (This contract costs £19,000 plus VAT per annum.) As part of the move to the new college, there was a restructuring of the facilities team. This team has now been in place for just short of a year. This year was mainly covered by the snagging period so maintenance costs have been minor. The spend on maintenance over and above the contract has been around £5,000.

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.

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

.....
T P McGee

Chairperson

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 section one of the UK Corporate Governance Code issued by the London Stock Exchange in June 2010. Its purpose is to help the reader of the accounts understand how the principles have been applied.

In the opinion of the Governing Body, 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 2011.

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 2

Table 2 Governors serving on the College Board during 2010/11.

Name	Date of Appointment	Term of Office	Status of Appointment	Committees served
T P McGee	1/9/08	4 years	Foundation	Chair Governing Body, Finance & Buildings
L J Byrne	1/9/08	4 years	Foundation	Vice Chair Governing Body General Purposes, Employment
Canon V Whelan VR	1/9/08	4 years	Foundation	Vice Chair Audit
Prof A Trinci	1/9/08	4 years	Co opted Governor	Chair, General Purposes Chair, Employment
M Bentley	1/9/08	4 years	Foundation	Remuneration, General Purposes, Employment
H Kelly	1/9/08	4 years	Foundation	General Purposes & Employment
P Lynch	1/9/08	4 years	Foundation	Finance & Buildings(to 31/12/09) Audit from 1/1/10
P K C Carpenter	1/9/08	4 years	Foundation	Chair, Audit
Dr A J Smith	1/9/08-31/5/11		Principal(Retired)	Finance & Buildings
D Pearson	1/6/11		Principal	Finance and buildings
C H Dove	1/9/08	4 years	Foundation	Chair Remuneration, Finance & Buildings
M Braithwaite	1/9/08	4 years	Foundation	Chair Finance & Buildings, Remuneration
C Calverley	1/9/08	4 years	Co opted Governor	Audit to 31/12/09 then General Purposes and Employment

Statement of Corporate Governance and Internal Control (continued)

Table 2 Governors serving on the College board during 2010/11 (continued)

Name	Date of Appointment	Term of Office	Status of Appointment	Committees served
D Fowell	1/9/08	4 years	Staff Governor	General Purposes and Employment
A Moss	1/9/08	4years	Staff Governor	Finance and Buildings
E Rice	1/9/08	4 years	Foundation	Vice Chair General Purposes Employment, Vice Chair Remuneration
T Hunt	1/1/10-31/08/11	1 year	Student member	Finance and Buildings
H Donelon	1/1/11-31/12/11	1 year	Student member	General Purposes
Dr PC Beatty	1/9/08	4 years	Local Authority Representative	General Purposes. Employment
L Bernola	1/1/10-31/8/12	3 years	Parent Governor	Finance and Buildings
A McCarthy	Not member of governing body/Independent			Audit
A Martin	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.

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 finance and buildings, general purposes and employment, remuneration and audit. Full minutes of all meetings are available from the clerk to the Governing Body at:-

Aquinas College
Nangreave Road
Stockport
SK2 6TH

Statement of Corporate Governance and Internal Control (continued)

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.

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. The LA governor is appointed by the LA. 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.

Remuneration Committee

Throughout the year ended 31 July 2011, 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 senior post holders.

Details of remuneration for the year ended 31 July 2011 are set out in Notes 6 and 7 to the financial statements.

Audit Committee

The audit committee comprises a Chairman and two other members of the Governing Body (excluding the Principal). 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 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 monitor 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.

Statement of Corporate Governance and Internal Control (continued)

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 Memorandum 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 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 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 2011 and up to the date of approval of the annual report and accounts.

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 ongoing process for identifying, evaluating and managing the college's significant risks that has been in place for the period ending 31 July 2011 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.

Statement of Corporate Governance and Internal Control (continued)

The Risk and Control Framework (continued)

The College has an internal audit service, which operates in accordance with the requirements of the LSC's Interim 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 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.

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 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 a plan to address weaknesses and ensure continuous improvement of the system is in place.

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, 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 28 June 2011 meeting, the Governing Body carried out the annual assessment for the year ended 31 July 2011 by considering documentation from the senior management team and internal audit, and taking account of events since 31 July 2011.

Going Concern

After making appropriate enquiries, the Governing Body 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 on behalf of the Governing Body:

.....
Chair: T P McGee

Date:

.....
Principal: D Pearson

Date:

Statement of Responsibilities of the Members of the Governing Body

The members of the Governing Body 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 / Stockport MBC and the Governing Body of the college, the Governing Body, 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 with the accounts direction issued jointly by the Skills Funding Agency and the Young Peoples Learning Agency, 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 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 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 is responsible for taking steps that are reasonably open to it to safeguard assets of the college and to prevent and detect fraud and other irregularities.

The maintenance and integrity of the college website is the responsibility of the Governing Body of the college: the work carried out by the 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 that 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 the LSC and the Skills Funding Agency / Stockport MBC are used only in accordance with the Financial Memorandum with the Council and any other conditions that may from time to time be prescribed. 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 the LSC and the Skills Funding Agency / Stockport MBC are not put at risk.

Signed on behalf of the Governing Body

.....
Chair: T P McGee

Date:

Independent auditor's report to the Governing Body of Aquinas College

We have audited the Group and College financial statements ("the financial statements") of Aquinas College for the year ended 31 July 2011 set out on pages 18 to 38. The financial reporting framework that has been applied in their preparation is applicable law and UK accounting standards (UK Generally Accepted Accounting Practice).

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, 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 Governing Body, as a body, for our audit work, for this report, or for the opinions we have formed.

Respective Responsibilities of the Governing Body of Aquinas College and Auditor

As explained more fully in the Statement of the Governing Body's responsibilities set out on page 15, the Governing Body 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 Governing Body; 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, statement of corporate governance and internal control and the statement of the responsibilities of the members of the Governing Body to identify material inconsistencies with the audited financial statements. 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, in accordance with UK Generally Accepted Accounting Practice, of the state of the College's affairs as at 31 July 2011 and of the College's surplus of income over expenditure for the year then ended;
- have been properly prepared in accordance with the 2007 Statement of Recommended Practice – Accounting for Further and Higher Education Institutions

Opinion on other matters prescribed by the revised Joint Audit Code of Practice (Part 1) issued jointly by the Skills Funding Agency and the YPLA and the Audit Code of Practice issued by the Learning and Skills Council

In our opinion:

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

Kevin Simmons
For and on behalf of Mazars LLP
Chartered Accountants & Statutory Auditors
The Lexicon
10-12 Mount Street
Manchester
M2 5NT

Date:

Independent Auditors' Report on Regularity to the Governing Body of Aquinas College ('the Governing Body') and the Skills Funding Agency/ Stockport LEA.

In accordance with the terms of our engagement letter and further to the requirements of the Skills Funding Agency/ Stockport MBC we have carried out a review to obtain assurance about whether, in all material respects, the expenditure and income of Aquinas College ('the College') for the year ended 31 July 2011 have been applied to the purposes identified by Parliament and the financial transactions conform to the authorities which govern them.

This report is made solely to the Governing Body and the Skills Funding Agency/ Stockport MBC. Our review work has been undertaken so that we might state to the Governing Body and the Skills Funding Agency/ Stockport MBC those matters we are required to state to it 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 and the Skills Funding Agency/ Stockport MBC, for our review work, for this report, or for the opinion we have formed.

Respective responsibilities of the Members of the Governing Body of Aquinas College and Auditors

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

Our responsibilities for this review are established in the United Kingdom by our profession's ethical guidance and the audit guidance set out in the Audit Code of Practice and the Regularity Audit Framework issued by the Skills Funding Agency/ Stockport MBC. We report to you whether, in our opinion, in all material respects, the College's expenditure and income for the year ended 31 July 2011 have been applied to purposes intended by Parliament and the financial transactions conform to the authorities which govern them.

Basis of opinion

We conducted our review in accordance with the Audit Code of Practice and the Regularity Audit Framework issued by the Skills Funding Agency/ Stockport MBC. Our review includes examination, on a test basis, of evidence relevant to the regularity and propriety of the College's income and expenditure.

Opinion

In our opinion, in all material respects the expenditure and income for the year ended 31 July 2011 have been applied to purposes intended by Parliament and the financial transactions conform to the authorities which govern them.

Mazars LLP
Date
Chartered Accountants

INCOME AND EXPENDITURE ACCOUNT
for the year ended 31 July 2011

	Note	2011 £'000	2010 £'000
Income			
Funding body grants	2	9,994	9,345
Tuition fees and education contracts	3	111	149
Other income	4	658	487
Investment income	5	6	1
		<hr/>	<hr/>
Total income		10,769	9,982
		<hr/>	<hr/>
Expenditure			
Staff costs	6	7,174	7,297
Other operating expenses	8	2,045	1,762
Depreciation	11	1,241	1,035
Interest payable	9	71	15
		<hr/>	<hr/>
Total expenditure		10,531	10,109
		<hr/>	<hr/>
Surplus/(Deficit) on continuing operations after depreciation of tangible fixed assets at valuation and before tax		238	(127)
Taxation	10	-	-
		<hr/>	<hr/>
Surplus/(Deficit) on continuing operations after depreciation of assets at valuation and tax	16	238	(127)
		<hr/> <hr/>	<hr/> <hr/>

The income and expenditure account is in respect of continuing activities.

There have been no other recognised gains or losses other than the results for the year set out above.

STATEMENT OF HISTORICAL COST SURPLUSES AND DEFICITS
for the year ended 31 July 2011

	Note	2011 £'000	2010 £'000
Surplus/(Deficit) on continuing operations before taxation		238	(127)
Difference between historical cost depreciation and the actual charge for the period calculated on the revalued amount	16	(4)	118
		<u>234</u>	<u>(9)</u>
Historical cost surplus/(deficit) for the period before taxation		<u>234</u>	<u>(9)</u>
		<u>234</u>	<u>(9)</u>
Historical cost surplus/(deficit) for the period after taxation		<u>234</u>	<u>(9)</u>

AQUINAS COLLEGE
Report and Financial Statements – Year ended 31 July 2011

BALANCE SHEET
as at 31 July 2011

	Note	2011 £'000	2010 £'000
Fixed assets			
Tangible assets	11	42,074	40,115
Current assets			
Debtors	12	742	1,581
Cash at bank and in hand		3,366	1,149
		4,108	2,730
Creditors: amounts falling due within one year	13	1,554	2,653
Net current assets		2,554	77
Total assets less current liabilities		44,628	40,192
Creditors: amounts falling due after more than one year	14	(4,256)	(2,275)
NET ASSETS		40,372	37,917
Deferred capital grants			
Reserves	15	37,662	35,668
Revaluation reserve	16	838	611
General reserve	16	1,872	1,638
Total reserves		2,710	2,249
TOTAL		40,372	37,917

The financial statements on pages 19 to 38 were approved by the governing body onand were signed on its behalf by:-

.....

.....

T P McGee
Chairperson

D Pearson
Principal

AQUINAS COLLEGE
Report and Financial Statements – Year ended 31 July 2011

CASH FLOW STATEMENT
for the year ended 31 July 2011

	Note	2011 £'000	2010 £'000
Cash flow from operating activities	19	1,520	712
Returns on investments and servicing of finance	21	(65)	(14)
Capital expenditure and financial investment	22	125	(1,298)
Financing	23	637	1,150
		<hr/>	<hr/>
Increase in cash in the period	20	2,217	550
		<hr/> <hr/>	<hr/> <hr/>
Reconciliation of net cash flow to movement in net debt			
Increase in cash in the period		2,217	550
Change in net debt resulting from cash flows		(637)	(1,150)
		<hr/>	<hr/>
Movement in net funds in period		1,580	(600)
Net debt at 1 August 2010		(2,626)	(2,026)
		<hr/>	<hr/>
Net debt at 31 July 2011		(1,046)	(2,626)
		<hr/> <hr/>	<hr/> <hr/>

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 (SORP): *Accounting for Further and Higher Education Institutions 2007* and in accordance with applicable Accounting Standards. They also conform to guidance published jointly by the Skills funding Agency and the YPLA, in the 2010/11 Accounts Direction Handbook.

Basis of accounting

These financial statements are prepared in accordance with the historical cost convention as 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 and Financial Review. The financial position of the college, its cashflow, liquidity and borrowings are described in the Financial Statements and accompanying Notes. The College currently has £4.26m of loans outstanding with bankers on terms negotiated in 2008. The terms of the existing agreement are for up to another 21 years. Around £2.15m of these loans may be repaid 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

The recurrent grant from the LSC and its successor organisations is that receivable as determined by the results of the funding audit undertaken.

Funding bodies recurrent grants are recognised in line with best estimates for the period of what is receivable and depends on the particular income stream involved. Any under or over achievement for the adult learner responsive funding element is adjusted for and reflected in the level of recurrent grant recognised in the income and expenditure account. The final grant income is normally determined with the conclusion of the year end reconciliation process with the funding body at the end of November following the year end. Employer responsive grant income is recognised based on a year end reconciliation of income claimed and actual delivery. 16-18 learner-responsive funding is not normally subject to reconciliation and is therefore not subject to contract adjustments.

Income from research grants, contracts and other services rendered is included to the extent of the conditions of the funding have been met or 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. Income from restricted purpose endowment funds not expended in accordance with the restrictions of the endowment in the period is transferred from the income and expenditure account to accumulated income within endowment funds.

The recurrent grants from the YPLA/SFA represent the funding allocations attributable to the current financial year and are credited direct to the income and expenditure account. Recurrent grants are recognised in line with planned activity.

NOTES TO THE FINANCIAL STATEMENTS / Continued ...

1. ACCOUNTING POLICIES / Continued ...

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.

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

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

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 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 present and future pensionable payroll.

The contributions are determined by qualified actuaries on the basis of triennial valuations, using the projected unit method for the LGPF and quinquennial valuations using a prospective benefit method for the TPS.

The assets of the LGPS are measured using closing market values. LGPS 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.

Tangible fixed assets

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. Freehold land is not depreciated. Freehold buildings are depreciated over their expected useful economic life of between 20 and 60 years. Leasehold land and buildings are amortised over 60 years or, if shorter, the period of the lease.

The transitional rules set out in FRS 15 Tangible Fixed Assets have been applied on implementing FRS 15. Accordingly the net book values at implementation have been retained.

Certain land and other college buildings belong to the Shrewsbury Diocesan Trustees and they remain the property of the Shrewsbury Diocese. The college has adopted FRS 5 and had included these assets at their valuation as at 1 April 2001. Most of these assets related to the old land and buildings and with the exception for the sports hall have all been written off as at 31 July 2010. The new college buildings belong to the Diocese and have been capitalised at cost.

If the land and buildings belonging to the Diocese had not been valued they would have been included within the college's accounts at £Nil 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 income and expenditure account over the expected useful economic life of the related asset and basis consistent with the depreciation policy.

The Brinnington Training Centre was acquired with the aid of specific grants and was capitalised and depreciated in accordance with the period over which the grant was paid. This asset is now

NOTES TO THE FINANCIAL STATEMENTS /Continued ...

1. ACCOUNTING POLICIES /Continued ...

fully depreciated.

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.

Subsequent expenditure on existing fixed assets

Where significant expenditure is incurred on tangible fixed assets it is charged to the income and expenditure account 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 income and expenditure account over the expected useful economic life of the related equipment.

c. Assets under construction

Assets under construction are accounted for at cost, based on the value of architects' certificates and other direct costs, incurred to 31 July 2011. The main college building was completed and occupied in July 10. All such assets have been depreciated from August and transferred to land and buildings.

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.

NOTES TO THE FINANCIAL STATEMENTS /Continued ...

1. ACCOUNTING POLICIES /Continued ...

Maintenance of premises

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

Provisions

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.

Agency arrangements

The college acts as an agent in the collection and payment of discretionary support Funds. Related payments received from the YPLA/Local Authorities and subsequent disbursements to students are excluded from the Income and Expenditure account and are shown separately in Note 26, 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 corporation 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 Corporation 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 corporation tax and VAT in the same way as any commercial organisation.

NOTES TO THE FINANCIAL STATEMENTS /Continued ...

2. FUNDING COUNCIL INCOME

	2011	2010
	£'000	£'000
Recurrent grant - YPLA/Local Authorities	8,879	8,952
Releases of deferred capital grants (note 15)	1,115	393
	<u>9,994</u>	<u>9,345</u>

3. TUITION FEES AND EDUCATION CONTRACTS

	2011	2010
	£'000	£'000
Tuition fees	111	149
	<u>111</u>	<u>149</u>

Tuition fees funded by bursaries

Included within the above amounts are tuition fees funded by bursaries of £Nil (2009/10: £Nil).

4. OTHER INCOME

	2011	2010
	£'000	£'000
Catering and residence operations	256	199
Other income generating activities	402	288
	<u>658</u>	<u>487</u>

5. INVESTMENT INCOME

	2011	2010
	£'000	£'000
Other interest receivable	6	1
	<u>6</u>	<u>1</u>

6. STAFF COSTS

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

	2011	2010
	Number	Number
Teaching staff	118	127
Non teaching staff	62	67
	<u>180</u>	<u>194</u>

NOTES TO THE FINANCIAL STATEMENTS /Continued ...

6. STAFF COSTS/Continued...

Staff costs for the above persons:

	2011	2010
	£'000	£'000
Wages and salaries	5,980	6,079
Social security costs	448	449
Other pension costs (including FRS 17 adjustments of £Nil)	746	769
	<u>7,174</u>	<u>7,297</u>

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

Employment costs for staff on permanent contracts	6,816	6,894
Employment costs for staff on temporary contracts	358	403
	<u>7,174</u>	<u>7,297</u>

The number of staff, including senior post-holders and the principal, who received emoluments (including pension contributions and benefits-in-kind) in the following ranges was:-

	Year ended 31 July 2011		Year ended 31 July 2010	
	Number senior post-holders	Number other staff	Number senior post-holders	Number other staff
£50,001 - £60,000	-	13	-	11
£60,001 - £70,000	-	4	-	5
£70,001 - £80,000	-	-	-	-
£80,001 - £90,000	-	-	-	-
£90,001-£100,000	2	-	1	-
£100,001-£110,000	-	-	-	-
£110,001-£120,000	-	-	1	-
	<u>2</u>	<u>17</u>	<u>2</u>	<u>16</u>

A pay award of 0.75% was made for all teaching grades 1 to 6. These awards were effective from 1st September 2010 and approved by the Governing Body.

7. SENIOR POST-HOLDERS' EMOLUMENTS

Senior post-holders are the Principal and holders of the other senior posts whom the Board have selected for the purposes of the articles of government of the institution relating to the appointment and promotion of staff who are appointed by the Board of Governors. During the year there was a change in Principal. For Ambrose Smith's last year he reduced his time in college following the appointment of Danny Pearson at Christmas to the post of Principal Designate. The notes show the total spent on the post of Principal in the year

NOTES TO THE FINANCIAL STATEMENTS /Continued ...
SENIOR POST-HOLDERS' EMOLUMENTS/Continued....

	2011 Number	2010 Number
The number of senior post-holders including the principal was:	2	2
	<u> </u>	<u> </u>
Senior post-holders emoluments are made up as follows:	£	£
Salaries	166,177	184,740
Pension contributions	23,431	26,112
	<u> </u>	<u> </u>
Total emoluments	189,608	210,852
	<u> </u>	<u> </u>

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

	2011 £	2010 £
Salary	85,789	104,661
Pension contributions	12,096	14,821
	<u> </u>	<u> </u>
Total emoluments	97,885	119,482
	<u> </u>	<u> </u>

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

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 on the school leadership scale, in line with decisions taken by the Remuneration Committee. Cost of Living rises have been in line with those applied nationally to that scale. These were 0.75% in September 2010.

NOTES TO THE FINANCIAL STATEMENTS /Continued ...

8. OTHER OPERATING EXPENSES

	2011	2010
	£'000	£'000
Teaching costs	930	870
Non teaching costs	613	556
Premises costs	502	336
	<u>2,045</u>	<u>1,762</u>

Other operating expenses include:

	2011	2010
	£'000	£'000
Operating lease rentals		
- Land and buildings	-	18
- Plant and machinery	23	42
Auditors' remuneration		
- Financial statement audit	10	8
- Internal audit	11	10
	<u> </u>	<u> </u>

9. INTEREST PAYABLE

	2011	2010
	£'000	£'000
Bank interest payable	71	15
	<u> </u>	<u> </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

	Land & Buildings		Assets under Construction	Fixtures and Fittings	Equipment	Total
	Freehold	Long Leasehold				
	£'000	£'000	£'000	£'000	£'000	£'000
Cost						
At 1 August 2010	1,345	1,078	36,142	136	2,156	40,857
Additions	2,549	-	-	-	436	2,985
Disposals	-	-	-	(20)	(29)	(49)
Transfers	36,142	-	(36,142)	-	-	-
Write back	267	-	-	-	-	267
	<u> </u>	<u> </u>	<u> </u>	<u> </u>	<u> </u>	<u> </u>
At 31 July 2011	40,303	1,078	-	116	2,563	44,060
	<u> </u>	<u> </u>	<u> </u>	<u> </u>	<u> </u>	<u> </u>
Depreciation						
At 1 August 2010	432	-	-	89	221	742
Charge for year	643	-	-	11	587	1,241
Disposals	-	-	-	(19)	(23)	(42)
Write back	45	-	-	-	-	45
	<u> </u>	<u> </u>	<u> </u>	<u> </u>	<u> </u>	<u> </u>
At 31 July 2011	1,120	-	-	81	785	1,986
	<u> </u>	<u> </u>	<u> </u>	<u> </u>	<u> </u>	<u> </u>
Net book value						
At 31 July 2011	39,183	1,078	-	35	1,778	42,074
	<u> </u>	<u> </u>	<u> </u>	<u> </u>	<u> </u>	<u> </u>
Net book value						
At 31 July 2010	913	1,078	36,142	47	1,935	40,115
	<u> </u>	<u> </u>	<u> </u>	<u> </u>	<u> </u>	<u> </u>
Analysed as follows:						
Financed by:						
capital grant	36,302	240	-	-	1,674	38,216
Other	2,881	838	-	35	104	3,858
	<u> </u>	<u> </u>	<u> </u>	<u> </u>	<u> </u>	<u> </u>
	39,183	1,078	-	35	1,778	42,074
	<u> </u>	<u> </u>	<u> </u>	<u> </u>	<u> </u>	<u> </u>

Assets in the course of construction consisted of costs incurred as part of the College redevelopment project. Consistent with FRS 15 these costs were shown separately from other land and buildings in 2009/10. These assets were brought into use and therefore depreciated from 1 August 2010.

The transitional rules set out in FRS 15 Tangible Fixed Assets have been applied on implementing FRS 15. Accordingly, the book values at implementation have been retained.

Fixed assets include land and buildings with a net book value of £40,261,144 which are partially funded by the LSC and its successor organisations.

All land and other college buildings belong to the Shrewsbury Diocesan Trustees and they remain the property of the Shrewsbury Diocese. The College has adopted FRS5 for the sports hall and included that asset at its valuation as at 1 April 2001. No rent is paid by the college for the use of

NOTES TO THE FINANCIAL STATEMENTS /Continued ...

11. TANGIBLE FIXED ASSETS/Continued...

these facilities.

If the land and buildings belonging to the Diocese had not been valued they would have been included within the College's accounts at £Nil cost. The historical cost of the refurbishments and improvements to land and buildings included within the accounts are as follows:

	2011	2010
	£'000	£'000
Cost	40,544	37,995
Aggregate depreciation based on cost	(1,120)	(473)
	<u> </u>	<u> </u>
	39,424	37,522
	<u> </u>	<u> </u>

12. DEBTORS

	2011	2010
	£'000	£'000
Amounts falling due within one year:		
Trade debtors	6	25
Prepayments and accrued income	46	33
Amounts owed by the SFA	690	1,523
	<u> </u>	<u> </u>
	742	1,581
	<u> </u>	<u> </u>

13. CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	2011	2010
	£'000	£'000
Debt due within one year		
Bank loan	156	1,500
Trade creditors	633	228
Other taxation and social security	232	146
Other creditors	87	82
Accruals and deferred income	446	697
	<u> </u>	<u> </u>
	1,554	2,653
	<u> </u>	<u> </u>

Other creditors consist of amounts due to students in the form of deposits paid for books. The corresponding asset is included in cash and bank.

NOTES TO THE FINANCIAL STATEMENTS /Continued ...

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

	2011	2010
	£'000	£'000
Bank loan	4,256	2,275
	<u> </u>	<u> </u>
The bank loan is repayable as follows:-		
In one year or less	156	1,500
Between one and two years	159	62
Between two and five years	498	208
In five years or more	3,599	2,005
	<u> </u>	<u> </u>
	4,412	3,775
	<u> </u>	<u> </u>

The bank loan crystallised in March 2011 and the full facility was drawn down. There is a fixed interest element of £2.25m which is repayable at 5.285% for 22 years. The balance of £2.15m is repayable at base plus 0.35%. The full loan was drawn down as otherwise the facility would have lapsed. The £2.15m is placed on short term deposit whilst the capital project is still ongoing as there may be a need for some additional cash in the short term.

15. DEFERRED CAPITAL GRANTS

	SFA Grant
	£'000
At 1 August 2010	
- Land and buildings	33,885
- Equipment	1,783
Cash received	
- Land and buildings	2,699
- Equipment	411
Released to income and expenditure account	
- Land and buildings	(592)
- Equipment	(524)
	<u> </u>
At 31 July 2011	
- Land and buildings	35,992
- Equipment	1,670
	<u> </u>
	37,662
	<u> </u>
Analysis of capital grants received from the Funding Council during 2010/11	
	£000's
Support for major works	3,110
	<u> </u>

Additional details are provided in Note 11.

NOTES TO THE FINANCIAL STATEMENTS /Continued ...

16. RESERVES

	Revaluation reserve	Income and expenditure account
	£'000	£'000
Original balance brought forward at 1 August 2010	611	1,638
Surplus on continuing operations		238
Transfer from revaluation reserve to general reserve in respect of depreciation on revalued assets	4	(4)
Write back for sports hall	223	
At 31 July 2011	<u>838</u>	<u>1,872</u>

17. CAPITAL COMMITMENTS

	2011 £'000	2010 £'000
Contracted for, but not provided in the accounts	97	4,043
	<u>97</u>	<u>4,043</u>

The capital commitment represents the total contract value of the college redevelopment capital works which have been contracted for but not expensed at the year end.

18. FINANCIAL COMMITMENTS

At 31 July the college had annual commitments under non cancellable operating leases as follows:

	Equipment 2011 £'000	Equipment 2010 £'000
Leases expiring:		
Within one year	1	9
Between two and five years	9	10
	<u>10</u>	<u>19</u>

The total aggregate commitments held under non-cancellable operating leases, at 31 July 2011 and relating to equipment is £11k (2010: £19k). This is based upon the assumption that the leases will all run to their expiration date and therefore does not account for any break clauses that may be in place.

NOTES TO THE FINANCIAL STATEMENTS /Continued ...

19. RECONCILIATION OF OPERATING SURPLUS TO NET CASH INFLOW FROM OPERATING ACTIVITIES

	2011	2010
	£'000	£'000
Surplus/(Deficit) on continuing operations after		
Depreciation of assets at valuation	238	(127)
Depreciation	1,241	1,035
Deficit/(Surplus) on write off of fixed assets	7	(15)
Deferred capital grants released to income (Note 15)	(1,115)	(393)
Interest payable (Note 9)	71	15
Decrease in debtors	839	1,207
Increase/(Decrease) in creditors	245	(1,009)
Interest receivable (Note 5)	(6)	(1)
	<hr/>	<hr/>
Net cash inflow from operating activities	1,520	712
	<hr/> <hr/>	<hr/> <hr/>

20. ANALYSIS OF CHANGES IN NET FUNDS

	At	Cashflow	At
	1 August 2010	£'000	31 July 2011
	£'000		£'000
Cash at bank and in hand	1,149	2,217	3,366
	<hr/>	<hr/>	<hr/>
Debt due within one year	(1,500)	1,350	(150)
Debt due after one year	(2,275)	(1,987)	(4,262)
	<hr/>	<hr/>	<hr/>
	(3,775)	(637)	(4,412)
	<hr/>	<hr/>	<hr/>
Total	(2,626)	1,580	(1,046)
	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>

21. RETURNS ON INVESTMENT AND SERVICING OF FINANCE

	2011	2010
	£'000	£'000
Interest received	6	1
Interest paid	(71)	(15)
	<hr/>	<hr/>
Net cash outflow from returns on investments and servicing of finance	(65)	(14)
	<hr/> <hr/>	<hr/> <hr/>

NOTES TO THE FINANCIAL STATEMENTS /Continued ...

22. CAPITAL EXPENDITURE AND FINANCIAL INVESTMENT

	2011	2010
	£'000	£'000
Purchase of tangible fixed assets	(2,985)	(15,648)
Deferred capital grants received	3,110	14,350
	<hr/>	<hr/>
Net cash outflow from capital expenditure and financial investment	125	(1,298)
	<hr/> <hr/>	<hr/> <hr/>

23. FINANCING

	2011	2010
	£'000	£'000
New unsecured loans	637	1,150
	<hr/>	<hr/>
Net cash outflow from financing	637	1,150
	<hr/> <hr/>	<hr/> <hr/>

24. 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 are 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.

25. PENSIONS AND SIMILAR OBLIGATIONS

The college's employees belong to two principal pension schemes, the Teachers' Pension Scheme (TPS) and the Greater Manchester Pension Fund. The total pension cost paid for the period was £753,518 (2010: £776,023).

Total pension cost for the year

	2010/11	2009/10
	£'000	£'000
Teacher Pension Scheme: contributions paid	601	608
Local Government Pension Scheme: contributions paid	153	168
Total Pension Cost Paid for the Year	754	776

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.

NOTES TO THE FINANCIAL STATEMENTS /Continued ...

25. PENSIONS AND SIMILAR OBLIGATIONS/Continued...

SSAP 24

The pensions cost is assessed no less than every four 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 valuation	31 March 2010
Actuarial method	Project Benefits
Investment returns per annum	6.5 per cent per annum
Salary scale increases per annum	5.0 per cent per annum
Market value of assets at date of last valuation	£162,650 million

Proportion of members' accrued benefits covered by the actuarial value of the assets	98.8%
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Following the implementation of the Teachers' Pensions (Employers' Supplementary Contribution) Regulations 2000, the government actuary carried out a further review on the level of employers' contributions. For the period from 1 August 2010 to 31 July 2011 the employer contribution was 14.1%. The employee rate was 6.4% for the same period.

FRS 17

Under the definitions set 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 (notional) 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.

Greater Manchester Pension Fund

The scheme available to non-teaching staff is the Greater Manchester Pension Fund (GMPF). The GMPF is a final salary defined benefit scheme. The assets of the scheme for Aquinas 6th Form College are pooled with similar institutions for actuarial valuation purposes. The total pension contribution made by the College to the Scheme for the year ended 31 July 2011 was £229,127, of which employer's contributions totalled £153,240 and employee's contributions totalled £75,887. The agreed employee contribution rates for future years (effective from April 2008) are a tiered system of rates related to levels of pensionable pay – these currently range from 5.5% to 7.5%. The agreed employer contribution rates are April 2010 to Mar 2011 – 14.0% and April 2011 to Mar 2012 – 14.9%.

The pension cost is assessed every three years in accordance with the advice of an independent qualified actuary. The latest actuarial valuation of the scheme was at 31 March 2010. The next valuation will be with effect from 31 March 2014 with employer contribution rates effective from April 2011. The review for 31 March 2011 is still ongoing and will be complete by the end of the year. The assumptions and other data that had the most significant effect on the determination of the contribution levels at the March 2007 valuation were as follows:

In July 2010, the Government announced that it intended for future increases in public sector pension schemes to be linked to changes in the Consumer Prices Index (CPI) rather than, as previously, the Retail Price Index (RPI). The college has considered the LGPS rules and associated members' literature and has concluded that as this is accounted for as a defined contribution scheme, this does not impact the college's financial results.

NOTES TO THE FINANCIAL STATEMENTS /Continued ...

25. PENSIONS AND SIMILAR OBLIGATIONS /Continued ...

Greater Manchester Pension Fund/Continued...

Actuarial method

Projected Unit Method

Rate of return on current investments	6.3%
Rate of increase in salaries	4.8%
Rate of increase in pensions	3.3%
Market value of the assets at the date of the last valuation	£10,445m.
Proportion of members' accrued benefits covered by the actuarial valuation	96.4%

FRS 17

Aquinas College is a member of the Sixth Form College Group of the Greater Manchester Pension Fund. Under these arrangements all the colleges within this group are treated as a single entity for accounting purposes. As such 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.

26. AMOUNTS DISBURSED AS AGENT

Learner support funds

	2011	2010
	£'000	£'000
Balance brought forward at 1 August 2010	8	5
Funding Council Grants	22	22
Clawback by YPLA/Local Authorities	(2)	-
	<hr/>	<hr/>
	28	27
Disbursed to students	(5)	(7)
Equipment purchased	(14)	(12)
	<hr/>	<hr/>
Balance unspent at 31 July 2011	9	8
	<hr/>	<hr/>

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