



Report and Financial Statements

For the Year Ended: 31 July 2021

Key Management Personnel, Board of Governors and Professional advisers**Key management personnel**

Key management personnel are defined as members of the College Leadership Team and were represented by the following in 2020/21:

Mr Anthony Knowles, Principal
Mr Ivan Lewis, Finance Director
Mr Simon Channell, Acting Vice-Principal Student Support
Mr Antonio De Paola, Acting Vice-Principal Curriculum

Board of Governors

A full list of Governors is given on page 14-15 of these financial statements.

Mrs K Stanhope acted as Clerk to the Governing Body throughout the period.

Principal and Registered Office:

Lower Park Road, Manchester, M14 5RB

Professional advisers**Financial statements auditor and reporting accountant:**

Mazars LLP
One St Peter's Square
Manchester
M2 3DE

Internal auditor:

BDO LLP
3, Hardman Street
Spinningfields
Manchester
M3 3AT

Bankers:

Royal Bank of Scotland
38, Mosley Street,
Manchester
M2 3AZ

Solicitors:

Eversheds
70, Great Bridgewater Street,
Manchester
M1 5ES

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Report of the Governing Body

NATURE, OBJECTIVES AND STRATEGIES:

The members present their report and the audited financial statements for the year ended 31 July 2021.

LEGAL STATUS

Xaverian College is a Roman Catholic College founded in 1862 by the Congregation of St Francis Xavier who were the Trustees until December 2001. From December 2001 the Trustees are the Roman Catholic Diocese of Salford.

Xaverian College was designated into the Further Education Sector under the terms of the Further and Higher Education Act 1992 on the 1st April 1993 and became a further education corporation under the terms of the Education (Designated Sixth Form Colleges) (Incorporation) (England) Order 2001.

From April 2010 the College is part of the Sixth Form Colleges Designated Sector under the terms of the Apprenticeship, Skills, Children and Learning Act 2009.

The College is an exempt charity for the purposes of Part 3 of the Charities Act 2011.

MISSION

The Governors review the College's Mission each year and have agreed that the statement was still relevant in today's world and that it was appropriate for it to continue as the College's Mission.

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

- To provide the opportunity for young people to experience the values and way of life of a Catholic community.
- To enable young people to realise their full potential.
- To nurture the spiritual, moral and personal development of young people.
- To positively contribute to local and national developments.

PUBLIC BENEFIT

Xaverian 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 Education. The members of the Governing Body are disclosed on pages 14-15.

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 requirement that all organisations wishing to be recognised as charities must demonstrate, explicitly, that their aims are for the public benefit.

The details pertaining to the delivery of public benefit are covered throughout the Members Report.

Implementation of Strategic Plan

Each year the College reviews its 3-year strategic plan. This strategic plan includes property and financial plans and ensures that the student is at the centre of our plans. The Governing Body monitors the performance of the College against these plans. The College's continuing strategic objectives and targets are:

- **To Celebrate The Distinctive Catholic Nature Of The College**
 - To support and nurture the liturgical and prayer life of the College and encourage all members of the community to participate in these activities.
 - To provide a clear structure and framework that will allow all members of the College community to contribute to the College mission and values.
 - To provide a high level of resource to support the Religious Education Team and the Chaplaincy work of the College.
- **To Provide A Range Of Programmes Responsive To The Needs And Interest Of The Individual**
 - To provide an attractive, inclusive and appropriate curriculum.
 - To ensure coherent curriculum planning.
 - To develop curriculum opportunities and provide a coherent move to linearity.
- **To Deliver Outstanding Provision**
 - To ensure the highest possible teaching and learning standards across the College.
 - To ensure targets for improvement are rigorous and high standards are set.
 - To ensure quality improvement strategies and processes support outstanding provision.
- **To Support Young People To Overcome The Challenges They Face On Both A Personal And Academic Level**
 - To support students to develop as independent learners.
 - To ensure support and guidance meet the needs of individual students.
 - To ensure the pastoral system enables students to maximise their potential.
- **To Lead A Successful And Dynamic College**
 - To provide outstanding leadership.
 - To ensure the college workforce is suitably qualified and well trained.
 - To provide high quality accommodation and resources.
 - To ensure excellent financial management and value for money.

The College is on target to achieve these objectives.

FINANCIAL OBJECTIVES

The College's financial objectives were to:

- provide management accounts within 10 working days of each period end;
- maintain the Financial Health Grade as at least 'Good';
- maintain at least 90 cash days;
- maintain a current ratio of at least 3:1;
- pay suppliers within 30 days of receipt of a valid invoice;
- continue to make all funding body financial returns on time;
- continue to make all funding body non-financial returns on time; and
- continue to ensure all financial statement audit reports are unqualified.

All of the above objectives were achieved in 2020/21 and the objectives have been adopted, once more, for 2021/22 onwards.

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

The Colleges' 2-year financial forecast for 2021 to 2023, prepared in June 2021 under the new SORP and in the form of the Integrated Financial Model, shows the college's financial health as being 'Outstanding' for 2020/21 and 2021/22 and moving to "Good" for 2022/23. This assessment is the same under the proposed, new financial health calculations.

Performance indicators

FE Choices (formerly the 'Framework for Excellence') has two key performance indicators for sixth form colleges:

- Success Rates
- Learner destinations

The College is committed to observing the importance of the sector measures and indicators. The College is required to complete the annual Integrated Financial Model for the Education and Skills Funding Agency ("ESFA"). The finance model produces a financial health grading. The current rating of Outstanding is considered an acceptable outcome.

Reserves policy

As part of the financial scrutiny provided by the Governing Body, the reserves are reviewed in conjunction with treasury policy. The review ensures that the level of reserves are aligned to the strategy of the College. The reserves will be utilised in line with the College strategy to ensure the best learning environment is created and maintained for the students.

FINANCIAL POSITION

Financial results

The College delivered an operating surplus in the year of £644,472 (2019/20 surplus £242,910). Excluding the effects of the Local Government Pension Scheme & Enhanced Pension Provision costs, the College delivered an underlying surplus of £1,045,308 in year (2019/20 surplus £578,847).

The College has accumulated reserves of £13,049,481 at 31 July 2021 (2019/20 £12,399,215) and cash balances of £4,597,258 (2018/19 £4,463,486) at 31 July 2021.

In 2020/21 the College completed the construction of a new 8 classroom building adjacent to the Mayfield building. This capital investment was wholly funded from College reserves and was completed in December 2020. The College is currently funding capital works relating to increasing of social space for our students and putting in place a new catering facility. Further investment was made in additional IT capability during 2020/21.

The College has significant reliance on the education sector funding bodies for its principal funding source, largely from recurrent grants. In 2020/21 the funding bodies provided 90.3% (2019/20 90.4%) of the College's total income, excluding the release of Capital Grants.

Tangible fixed asset additions during the year amounted to equipment purchases of £1,086,872 of which £232,597 relates to the works ongoing at the year-end relating to the new social space and canteen facilities. These costs are shown as Assets Under Construction.

The College adapted to the requirements of the pandemic in an agile fashion to ensure that students received help with their studies. Teaching seamlessly moved on-line and IT kit was purchased and taken to those more disadvantaged students to ensure they had the technology they needed to continue to be successful in their work.

Academic mentors were taken on using the catch-up fund and this has continued into 2021/22 to ensure all our students get the best possible chance to succeed whilst at the College.

TREASURY POLICIES AND OBJECTIVES

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

The College has a separate treasury management policy in place.

Short term borrowing for temporary revenue purposes is authorised by the Accounting Officer. All borrowing requires the authorisation of the Governing Body and shall comply with the requirements of the Funding Agreement.

CASH FLOWS AND LIQUIDITY

There was a net cash inflow of £133,772 in 2020/21 (2019/20 outflow of £14,385).

The size of the College's total borrowing and its approach to interest rates has been calculated to ensure a reasonable cushion between the total cost of servicing debt and operating cashflow.

The level of cash reserves held by the College is reviewed on a monthly basis with the target of maintaining cash days at or above the sector average. This has been comfortably achieved in 2020/21. The cash reserves have increased year on year despite the capital expenditure on the new building. This expenditure has been offset by a higher than expected University student body and a reduction non-pay expenditure. The reduction in non-pay expenditure has been driven by the absence of staff from the campus during the Covid-19 crisis. Any additional costs due to COVID being covered by this reduction.

CURRENT AND FUTURE DEVELOPMENT AND PERFORMANCE**Student numbers**

In 2020/21 the College enrolled 2,463 students' (2019/20 2,374) and also provided teaching for 173 (2019/20 213) University of Manchester students studying their foundation year in BioSciences, Pre Dentistry, Pre Medicine or Pharmacy. In 2020/21 the student population was such that the College delivered activity to a value of £11,729,219 under the new funding methodology. The University students funding being £670k in 2020/21 (2019/20 £809k).

Student achievements

At GCE Advanced level the pass rate for A to E grades was 99.5 % (2019/20 100%), 30 subjects had a 100% pass rate (2019/20 36) and 36 were above the national average. The percentage of high grades at A level was 61.6% which was 8.2% below (2019/20 9.4% below) the national average.

The pass rate for BTEC Level 3 was 99.7% (2019/20 99.7%) with 17 out of 19 subjects having a pass rate of 100% (2019/20 15 out of 16).

At level 2, the GCSE pass rate was 65% (2019/20 62%) and the BTEC Level 2 Awards had a 91.6% (2019/20 100%) pass rate.

The level 1 Foundation Course gained a variety of qualifications including 100% (2019/20 100%) pass rate in the BTEC Certificate courses in Business, Health and Social Care or Sport.

The overall retention on the University Foundation Programmes, 2020-21 was 96.6%. 8% (83 out of the 85 students completing the course) achieved the standard required for progression to the first year of a Biosciences degree at the University of Manchester.

92% (55 out of 60 students) achieved the standard required for progression to the first year of Medicine or Dentistry at the University of Manchester.

75% (18 out of 24 students completing the exams) achieved the standard required for progression to the first year of Pharmacy at the University of Manchester.

Estate developments

In January 2021, the College open a new classroom block (the Teresa Quinn Building), consisting of 8 new classrooms. Construction of the new building began in 2019/20 but was delayed by Covid-19 crisis. The College is currently building a new kitchen and increasing social space for the students on the ground floor of the Firwood building. The College expects this project to reach completion during October half-term.

Curriculum developments

The College received Outstanding (grade 1) in all published categories of the last Ofsted inspection (February 2008) in recognition of its outstanding support of students to achieve in a wide range of curriculum from level 1 to level 4. The College was delighted to subsequently receive Beacon Status in January 2009.

A particular strength is in making students ready for the next stage in their lives. Students at the College are supported, not only in their academic studies but also, through the pastoral system which provides advice, help and support.

The mission and ethos of the College is to try and support the whole person and help each student become the best version of themselves that they can be.

Many of our students have low levels of prior educational achievement. The College has constantly developed provision to meet the needs of students and support them on to Higher Education, Apprenticeships or Employment.

The College has introduced a number of new initiatives, such as the High Achievers Programme (for Gifted and Talented students) and the Dentists, Medics and Vets Programme. Such initiatives help the students to achieve and successfully support student progress to Higher Education.

The College has a very successful partnership with the University of Manchester providing Foundation Year programmes in BioSciences, Medicine, Dentistry and Pharmacy and is working with the University to establish whether the programme can be extended to other academic areas. The College is also heavily involved with Manchester Catholic Education Partnership (MANCEP) and is leading on an innovative Catholic Leadership & Management Programme involving staff from five outstanding North West sixth form colleges.

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 2020 to 31 July 2021, the College paid 95.8% of its invoices (by value) within 30 days (2019/20 96.6%). The College incurred no interest charges in respect of late payment for this period.

EVENTS AFTER THE END OF THE REPORTING PERIOD

There are no adjusting or non-adjusting events occurring after the end of the reporting period.

FUTURE PROSPECTS

The ESFA have confirmed funding to the College for 2021/22 of £11,729,219 for 2,463 students.

The College recruited 6 students below its target for 2018/19, 24 above target for 2019/20 and 88 above its target for 2020/21. Such recruitment was against a back-drop of low demographics in the Greater Manchester area for 2019/20. The College has some additional capacity with the new building coming on stream, meeting the demands of the demographic increase within Greater Manchester.

Over 5,000 applications were received for 2021/22 and the recruitment at the College through September 2021 shows a student body of 2,594 students.

Despite the dip in the demographics, the demand for places within the Sixth Form sector in Manchester remains strong. The College is well placed to meet this increase by the continuation of its successful A level and Applied level 3 programmes and continued development and adaptation of its level 1 and 2 programmes to meet the demand of the students recruited. The College is also exploring the possibility of providing some of the new T Levels.

The investment in the estate and infrastructure over the last few years will provide both additional capacity, to ensure that growth in student numbers could be accommodated, and an improved estate, to ensure the best teaching and learning outcomes in both the short and medium term. The strong foundation course with Manchester University is assisting in the diversification of the College income streams.

During the production of the financial model for submission to the ESFA, the College extended the financial forecasts to develop a five-year financial plan. This document provided assurance that the "going concern" assumption is valid and that the College can meet its liabilities. A range of financial strategies are in place should the assumptions in the document, for example, surrounding the student population, not come to fruition.

The College Governors approved a financial plan in July 2021, which sets out the objectives through to 2023 and this included the provision of some capital works.

RESOURCES:

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

Financial

The College has £13.049 million of net assets (including £5.509 million pension liability) and long term bank debt of £1.253 million. In 2019/20 the College had net assets of £12.399 million (£5.114m of which was pension liability) and long term bank debt of £1.381million.

The net assets of the College have increased year on year as a result of the surplus, In the previous year the actuarial valuation of the Local Government Pension Scheme liability lead to a worsening of the total net assets position.

People

The College employs 177 people (expressed as full time equivalents), of whom 108 are teaching staff. This is a slight increase on the previous year (176 full time equivalents). The College will continue with a non-replacement of leavers policy to maintain control of payroll expenditure, however, the continued growth in student numbers will require additional staffing in the medium term.

Reputation

The College has a good reputation locally and nationally. Maintaining a quality brand is essential for the College's success at attracting students and external relationships. The College took a full part in the Greater Manchester Area Review process and worked closely with other colleges to ensure it met its obligations under the General Data Protection Regulation (GDPR).

PRINCIPAL RISKS AND UNCERTAINTIES:

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

Based on the strategic plan, the Risk Management Group undertakes a comprehensive review of the risks to which the College is exposed. They identify systems and procedures, 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 Risk Management Group 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.

The College had a risk management review with internal audit in 2019/20.

The College has put in place numerous safety precautions to mitigate the risk from Covid-19. The College has invested in face coverings, safety screens, one-way systems (with associated floor marking), hand sanitising points outside all classrooms and increased security staff monitoring compliance with face coverings and social distancing. The College also invested in additional IT equipment to aid remote learning. The College continued to invest in technology to help, in particular, those students with limited access to IT at home as well as assisting a few students where any remote internet access was an issue.

Outlined below is a description of the principal 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.

Government funding

The College has considerable reliance on continued government funding through the further education sector funding bodies. In 2020/21, 92% of the College's revenue was ultimately public funded and this level of requirement is expected to continue. There can be no assurance that government policy or practice will remain the same or that public funding will continue at the same levels or on the same terms.

The College is aware that 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 cannot be guaranteed.

This risk is mitigated in a number of ways:

- Funding is derived through a number of direct contractual arrangements;
- Acquiring alternative sources of funding;
- 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 the various funding bodies;
- Ensuring the College is focused on those priority sectors which will continue to benefit from public funding;
- Investing in the infrastructure so that the College can continue to provide high quality teaching and learning;
- Increasing the student cohort in a managed way with a targeted increase of 25 students per annum over the medium term;
- Monitoring payroll expenditure closely and seeking efficiencies;
- Non-replacement of staff leavers policy;
- Ensuring Value for Money in procurement; and
- Regular and positive dialogue with the funding bodies.

Tuition fee policy

In line with the majority of other colleges, Xaverian College will, if necessary, review tuition fees in accordance with the rising fee assumptions. However, as the College is primarily for 16 to 18-year old full time students, this will have little impact on the growth strategy of the College.

Maintain adequate funding of pension liabilities

In line with other colleges, Xaverian College may be required to make adjustment to its pension contribution rate in order to ensure the pension liabilities are adequately serviced.

STAKEHOLDER RELATIONSHIPS

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

- Students
- Staff and Governors
- Parents and Guardians
- Education and Skills Funding Agency
- Sixth Form Colleges Association
- Association of Colleges
- University of Manchester
- Manchester City Council
- Manchester Catholic Education Partnership (MANCEP)

The College recognises the importance of these relationships and engages in regular communication with them through the College Intranet site and through attendance at meetings.

Equal opportunities

Xaverian College is committed to ensuring equality of 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 we will actively combat bigotry. This policy will be resourced, implemented and monitored on a planned basis.

The College's Equal Opportunities Policy, including its Race Relations and Transgender Policy is available from the College Office.

The College considers all applications 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. An equalities plan is published each year and monitored by managers and governors.

Disability statement

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

- As part of its accommodation strategy the College updated its access audit. The college ensures the estate is compliant whilst being cognisant of the listed nature of some of the buildings. Recent estate works have included innovative solutions to allow for access to those buildings where appropriate;
- 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;
- The College has made a significant investment in the appointment of specialist staff to support students with learning difficulties and/or disabilities. There are a number of specialist support staff 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;
- The College has in place a Disability Equality Scheme and Action Plan aimed at actively promoting disability equality; and
- Counselling and welfare services are described in the College Student Handbook which is issued to students and includes the complaints and disciplinary procedure. The College now employs two, full-time counsellors.

Trade union facility time

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

Number of employees who were relevant union officials during the period		FTE employee number
2		2.0
Percentage of time	Number of employees	
0%	None	
1-50%	2	
51-99%	None	
100%	None	
Total cost of facility time		£1,979
Total pay bill		£9,130,753
Percentage of total bill spent on facility time		0.02%
Time spent on paid trade union activities as a percentage of total paid facility time	Nil	

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 Governing Body on 7th December, 2021 and signed on its behalf by:

Mrs T. Dervin

Chair

Statement of Corporate Governance and Internal Control

The following statement is provided to enable readers of the annual report and accounts of the College to obtain a better understanding of its governance and legal structure. This statement covers the period from 1 August 2020 to 31 July 2021 and up to the date of approval of the annual report and financial statements.

The College endeavours to conduct its business having due regard to the UK Corporate Governance Code 2018 ("the Code") insofar as it is applicable to the further education sector.

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 Code. Its purpose is to help the reader of the accounts understand how the principles have been applied.

In considering those areas of the Code that are applicable to the FE sector, the Governing Body consider that the College follows best practice as contained in the Code. The Governing body recognises that, as a body entrusted with both public and private funds, it has a particular duty to observe the highest standards of corporate governance at all times.

The College is an exempt charity within the meaning of Part 3 of the Charities Act 2011. The Governors, who are also the Trustees for the purposes of the Charities Act 2011, confirm that they have had due regard for the Charity Commission's guidance on public benefit and that the required statements appear elsewhere in these financial statements.

The Governing Body

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

Name	Governor Status	First Appointed	Re-appointed	Resignation	Governing Body Attendance	Committees Served (attendance)
Brendan O'Shea (Chair 20/21)	Foundation	11/05/2010	01/04/2021	31/08/2021	100%	Appeals (100%) Finance, Personnel & Resources (100%) Remuneration (100%) Search (100%)
Teresa Dervin (Acting Chair 21/22)	Foundation	14/05/2007	31/03/2021		100%	Appeals (100%) Quality & Standards (100%) Remuneration (100%) Search (100%)
Mia Bjedov	Student	03/12/2019		06/07/2021	71%	
Linda Buckley	Foundation	29/01/2021			88%	Finance, Personnel & Resources (60%)
Sister Eithne Donoghue	Foundation	01/10/2001	01/04/2021		Sabbatical	Appeals (Sabbatical) Search (Sabbatical)
John Egerton	Co-opted	05/07/2011	08/10/2019		75%	Appeals (50%) Special (100%)
Catherine Fitzwilliam-Pipe	Foundation	25/03/2015	11/12/2019		100%	Audit (67%) Special (100%)
Andrew Gornall	Staff	15/03/2005	07/07/2019		100%	Quality & Standards (100%)
Peter Hartley	Associate	01/04/2013	04/05/2021		88%	Appeals (100%) Audit (67%) Remuneration (100%) Special (100%)
Julie Hicklin	Associate	11/10/2016	13/10/2020		88%	Audit (67%) Quality & (75%)

Anthony Knowles	Principal	01/09/2016	N/A		100%	Finance, Personnel & Resources (100%) Quality & Standards (100%) Search (100%)
Monsignor Michael Kujacz	Foundation	01/04/2013	01/04/2021		100%	Audit (100%)
Katie McKnight	Parent	09/02/2021			100%	
Sean O'Hanrahan	Foundation	05/12/2017			75%	Finance, Personnel & Resources (100%)
Lee Ormsby	Foundation	09/05/2017		08/05/2021	50%	
Stella Parkin	Foundation	18/05/2018			63%	
Paul Quinn	Associate	04/07/2017	06/07/2021		88%	Finance, Personnel & Resources (100%)
Catherine Rafferty	Foundation	27/04/2018			63%	
Aoife Rodriguez-Uchurtu	Student	08/12/2020			80%	
Anthony Stiles	Foundation Governor	03/07/2019			63%	
Michaela Tilley	Foundation Governor	10/12/2013	26/03/2019	28/05/2021	50%	Finance, Personnel & Resources (100%) Special (100%)
George Walker	Associate Governor	01/02/2000	04/05/2021		88%	Audit (100%) Quality & Standards (100%)
Louise Walmsley	Co-opted Governor	02/07/2013	08/10/2019		50%	Quality & Standards (100%) Special (100%)

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 met eight times in 2020/21

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, Personnel and Resources, Audit, Remuneration, Quality and Standards and Search. An Appeals Committee and Special Committee also meet when required. Full minutes of all Governing Body meetings, except those deemed to be confidential are available on the College's website (www.xaverian.ac.uk) or from the Clerk to the Governing Body at:

Xaverian College
Lower Park Road
Manchester
M14 5RB

The Clerk to the Governors maintains a register of financial and personal interests of the Governors. The register is available for inspection on request to the Clerk to Governors at the above address.

All Governors and the Clerk to Governors are able to take independent professional advice in furtherance of their duties at the College's expense. All Governors have access to the Clerk to the Governors, who is responsible to the Governing Body for ensuring that all applicable procedures and regulations are complied with. The appointment, evaluation 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 the Governing Body meetings. Briefings are also provided as required.

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 Chair and Principal are separate.

Appointments to the Governing Body

Any new appointments to the Governing Body are a matter for the consideration of the Governing Body as a whole. The Governing Body has a "Search" committee, consisting of four Governors, which is responsible for the recommendation of any new member for the Governing Body's consideration. The Governing Body is responsible for ensuring that appropriate training is provided as required. Appointment of Foundation Governors is subject to approval by the Trustees.

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

Governing Body performance

The Governing Body prepares a detailed Self-Assessment Report (SAR) which critically considers the effectiveness of key areas of Governance and highlights strengths and areas for development. The SAR is reviewed annually by the Committee Chairs and is presented to the Quality & Standards Committee in January and to the full Governing Body in February.

Remuneration Committee

Throughout the year ended 31 July 2021, the College's Remuneration Committee comprised three-Governors. The Committee's responsibilities are to make recommendations to the Governing Body on the remuneration and benefits of the Principal, Director of Business and Finance, Vice Principal Student Support, Vice Principal Curriculum and the Clerk to the Governors. In setting the remuneration of Senior Postholders, the Remuneration Committee considers the sector average for these roles and responsibilities but is also guided by the financial restraints within the sector.

Details of remuneration for the year ended 31 July 2021 are set out in note 7 to the financial statements.

Audit Committee

The Audit Committee comprises five members of the Governing Body (excluding the Chair and Principal). The committee operates in accordance with written terms of reference approved by the Governing Body.

The Audit Committee meets on a termly basis and provides a forum for reporting by the College's internal, regularity and financial statements auditors, who have access to the Committee for independent discussion, without the presence of College management.

The College's internal auditors review the systems of internal control, risk management controls and governance processes in accordance with an agreed plan of input and report their findings to management and the Audit Committee.

Management is responsible for the implementation of agreed audit 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, regularity, financial statements auditors and their remuneration for both audit and non-audit work as well as reporting to the Governing Body.

Internal control*Scope of responsibility*

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

The Governing Body has delegated the day-to-day responsibility to the Principal, as Accounting Officer, for maintaining a sound system of internal control that supports the achievement of the College's policies, aims and objectives, whilst safeguarding the public funds and assets for which he is personally responsible, in accordance with the responsibilities assigned to him in the Financial Agreement between Xaverian College and the funding bodies. He is also responsible for reporting to the Governing Body any material weaknesses or breakdowns in internal 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 Xaverian College for the year ended 31 July 2021 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 year ending 31 July 2021 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; and
- the adoption of formal project management disciplines, where appropriate.

Whilst internal audit is no longer a mandatory requirement, Xaverian College has made the decision to retain an internal audit service. 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, Internal Auditors provide the governing body with a report on internal audit activity in the college. The report includes the Internal Auditor'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. His 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; and
- comments made by the College's financial statements auditors and the regularity auditors in their management letters and other reports.

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

The senior management team receives reports setting out key performance and risk indicators and considers possible control issues brought to their attention by early warning mechanisms, which are embedded within the departments and reinforced by risk awareness training. The senior management team and the Audit Committee also receive regular reports from internal audit and other sources of assurance, which include recommendations for improvement. The Audit Committee's role in this area is confined to a high level review of the arrangements for internal control.

The Governing Body's agenda includes a regular item for consideration of risk and control and receives reports thereon from the senior management team and the Audit Committee. The emphasis is on obtaining the relevant degree of assurance and not merely reporting by exception. At its December 2021 meeting, the Governing Body carried out the annual assessment for the year ended 31 July 2021 by considering documentation from the senior management team and internal audit, and taking into account events since 31 July 2021.

Based on the advice of the Audit Committee and the Principal, the Governing Body is of the opinion that the College has an adequate and effective framework for governance, risk management and control, and has fulfilled

its statutory responsibility for the effective and efficient use of resources, the solvency of the institution and the body and the safeguarding of their assets.

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. The College has a robust, 5-year, financial strategy and has action plans in place should any threat to its operational existence be determined. For this reason, it continues to adopt the going concern basis in preparing the financial statements.

Approved by order of the members of the Governing Body on 7th December, 2021 and signed on its behalf by:



Mrs T Dervin
Chair of Governors



Mr. Anthony Knowles
Principal

Governing Body's statement on the College's regularity, propriety and compliance with Funding body terms and conditions of funding

The Governing Body has considered its responsibility to notify the Education and Skills Funding Agency (ESFA) of material irregularity, impropriety and non-compliance with the terms and conditions of funding, under the funding agreement in place between the College's grant funding agreement and contracts with ESFA. As part of our consideration we have had due regard to the requirements of the grant funding agreements and contracts with ESFA.

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

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



Anthony Knowles
Accounting Officer
7th December 2021



Teresa Dervin
Chair of Governors
7th December 2021

Statement of Responsibilities of the Members of the Governing Body

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

Within the terms and conditions of the College's grant funding agreements and contracts with ESFA, the corporation – through its accounting officer – is required to prepare financial statements and an operating and financial review for each financial year in accordance with the 2019 Statement of Recommended Practice – Accounting for Further and Higher Education, ESFA's college accounts direction and the UK's Generally Accepted Accounting Practice, and which give a true and fair view of the state of affairs of the college and its surplus / deficit of income over expenditure for that period.

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

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

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

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

The Governing Body is responsible for the maintenance and integrity of the College website; 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 they were initially presented on the website. Legislation in the United Kingdom governing the preparation and dissemination of financial statement may differ from legislation in other jurisdictions.

Governors 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 Education and Skills Funding Agency are used only in accordance with the Financial Agreement with the Education and Skills Funding Agency and any other conditions that may be prescribed from time to time. Governors must ensure that there are appropriate financial and management controls in place to safeguard public and other funds and ensure that they are used properly. In addition, Governors 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 by the Education and Skills Funding Agency are not put at risk.

Approved by order of the members of the Governing Body on 7th December, 2021 and signed on its behalf by



Mrs Teresa Dervin

Chair of Governors

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

Opinion

We have audited the financial statements of Xaverian College (the 'College') for the year ended 31 July 2021 which comprise the Statement of Comprehensive Income and Expenditure, the Statement of Changes in Reserves, the Balance Sheet, the Statement of Cashflows and notes to the financial statements, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland" (United Kingdom Generally Accepted Accounting Practice) and the 2019 Statement of Recommended Practice: Accounting for Further and Higher Education.

In our opinion, the financial statements:

- give a true and fair view of the state of the College's affairs as at 31 July 2021 and of its surplus of income over expenditure for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice.

Basis for opinion

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

Conclusions relating to going concern

In auditing the financial statements, we have concluded that the Members of the Corporation's use of the going concern basis of accounting in the preparation of the financial statements is appropriate.

Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the College's ability to continue as a going concern for a period of at least twelve months from when the financial statements are authorised for issue.

Our responsibilities and the responsibilities of the Members of the Corporation with respect to going concern are described in the relevant sections of this report.

Other information

The other information comprises the information included in the annual report, other than the financial statements and our auditor's report thereon. The Corporation is responsible for the other information contained within the annual report. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the course of the audit, or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether there is a material misstatement in the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

Matters on which we are required to report by exception

We have nothing to report in respect of the following matters where the Post 16 Audit Code of Practice issued by the Education and Skills Funding Agency requires us to report to you if, in our opinion:

- adequate accounting records have not been kept, or returns adequate for our audit have not been received from branches not visited by us; or
- the financial statements are not in agreement with the accounting records and returns; or
- the information given in the report of the Members of the Corporation, including the operating and financial review and statement of corporate governance, is inconsistent with the financial statements; or
- we have not received all the information and explanations we require for our audit.

Responsibilities of Corporation

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

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

Auditor's responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the financial statements.

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above, to detect material misstatements in respect of irregularities, including fraud. Based on our understanding of the College and its industry, we identified that the principal risks of non-compliance with laws and regulations related to compliance with the ESFA funding agreements, the OFS regulatory framework, the OFSTED regulatory framework, safeguarding, pensions legislation, employment regulation and health and safety regulation, anti-bribery, corruption and fraud, money laundering, non-compliance with implementation of government support schemes relating to COVID-19, and we considered the

extent to which non-compliance might have a material effect on the financial statements. We also considered those laws and regulations that have a direct impact on the preparation of the financial statements.

We evaluated the Members of the Corporation and management's incentives and opportunities for fraudulent manipulation of the financial statements (including the risk of override of controls) and determined that the principal risks were related to posting manual journal entries to manipulate financial performance, management bias through judgements and assumptions in significant accounting estimates, in particular in relation to loss reserves, and significant one-off or unusual transactions.

Our audit procedures were designed to respond to those identified risks, including non-compliance with laws and regulations (irregularities) and fraud that are material to the financial statements. Our audit procedures included but were not limited to:

- Discussing with the Members of the Corporation and management their policies and procedures regarding compliance with laws and regulations;
- Communicating identified laws and regulations throughout our engagement team and remaining alert to any indications of non-compliance throughout our audit; and
- Considering the risk of acts by the College which were contrary to applicable laws and regulations, including fraud.

Our audit procedures in relation to fraud included but were not limited to:

- Making enquiries of the Members of the Corporation and management on whether they had knowledge of any actual, suspected or alleged fraud;
- Gaining an understanding of the internal controls established to mitigate risks related to fraud;
- Discussing amongst the engagement team the risks of fraud; and
- Addressing the risks of fraud through management override of controls by performing journal entry testing.

There are inherent limitations in the audit procedures described above and the primary responsibility for the prevention and detection of irregularities including fraud rests with management. As with any audit, there remained a risk of non-detection of irregularities, as these may involve collusion, forgery, intentional omissions, misrepresentations or the override of internal controls.

A further description of our responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website at www.frc.org.uk/auditorsresponsibilities. This description forms part of our auditor's report.

Use of the audit report

This report is made solely to the Corporation 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 Corporation those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the College and the Corporation as a body for our audit work, for this report, or for the opinions we have formed.

A handwritten signature in blue ink, reading "Mazars LLP". The word "Mazars" is written in a cursive style, and "LLP" is written in a more formal, blocky style.

Mazars LLP

Chartered Accountants and Statutory Auditor

One St Peter's Square

Manchester

M2 3DE

Date 16 December 2021

Reporting Accountant's Report on Regularity to the corporation of Xaverian College and Secretary of State for Education acting through the Department for Education

In accordance with the terms of our engagement letter dated 21st October 2021 and further to the requirements and conditions of funding in the ESFA's grant funding agreements and contracts, or those of any other public funder, we have carried out an engagement to obtain limited assurance about whether anything has come to our attention that would suggest, in all material respects, the expenditure disbursed and income received by Xaverian College during the period 1 August 2020 to 31 July 2021 have not been applied to the purposes identified by Parliament and the financial transactions do not conform to the authorities which govern them.

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

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

Respective responsibilities of Xaverian College and the reporting accountant

The corporation of Xaverian 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, are applied for the purposes intended by Parliament, and the financial transactions conform to the authorities that govern them.

Our responsibilities for this engagement are established in the United Kingdom by our profession's ethical guidance and are to obtain limited assurance and report in accordance with our engagement letter and the requirements of the Code. We report to you whether anything has come to our attention in carrying out our work which suggests that in all material respects, expenditure disbursed and income received, during the period 1 August 2020 to 31 July 2021 have not been applied to purposes intended by Parliament or that the financial transactions do not conform to the authorities which govern them.

Approach

We conducted our engagement in accordance with the Code issued by the ESFA. 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 corporation's income and expenditure.

The work undertaken to draw to our conclusion includes:

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

Conclusion

In the course of our work, nothing has come to our attention which suggests that in all material respects, the expenditure disbursed and income received during the period 1 August 2020 to 31 July 2021 has not been applied to purposes intended by Parliament, and the financial transactions do not conform to the authorities that govern them.



Mazars LLP

One St Peter's Square
Manchester
M2 3DE

Date 16 December 2021

Statement of Comprehensive Income & Expenditure

	Notes	2021	2020
		£	£
INCOME			
Funding body grants	2	12,037,885	10,846,810
Tuition fees and education contracts	3	669,750	809,250
Other income	4	252,661	110,958
Investment income	5	485	12,780
Total income		12,960,781	11,779,798
EXPENDITURE			
Staff costs	6	9,519,933	8,983,357
Other operating expenses	8	2,085,206	1,912,755
Depreciation	10	621,014	534,744
Interest and other finance costs	9	90,156	106,032
Total expenditure		12,316,309	11,536,888
Surplus / (Deficit) before other gains and losses and tax		644,472	242,910
Taxation		-	-
Surplus / (Deficit) for the year		644,472	242,910
Actuarial Gain / (Loss) in respect of pensions	19	5,794	(1,239,558)
Total Comprehensive Income for the year		650,266	(996,648)
Represented by:			
Unrestricted comprehensive income		650,266	(996,648)
		650,266	(996,648)

The notes on pages 29 to 50 form part of these financial statements.

Statement of Changes in Reserves

	Income and expenditure account	Revaluation reserve	Total
	£	£	£
Balance at 31 July 2019	7,332,473	6,063,391	13,395,864
Surplus from the income and expenditure account	242,910	-	242,910
Other comprehensive income (LGPS)	(1,239,558)	-	(1,239,558)
Transfers between revaluation and income and expenditure reserves	27,375	(27,375)	-
Total comprehensive income for the year	(969,273)	(27,375)	(996,648)
Balance at 31 July 2020	6,363,200	6,036,015	12,399,215
Surplus from the income and expenditure account	644,472	-	644,472
Other comprehensive income	5,794	-	5,794
Transfers between revaluation and income and expenditure reserves	27,375	(27,375)	-
Total comprehensive income for the year	667,641	(27,375)	640,266
Balance at 31 July 2021	7,040,841	6,008,640	13,049,481

Balance sheet as at 31 July 2021

	Notes	2021 £	2020 £
Non current assets			
Tangible fixed assets	10	21,358,583	20,892,725
		21,358,583	20,892,725
Current assets			
Trade and other receivables	11	268,625	120,334
Cash and cash equivalents	16	4,597,258	4,463,486
		4,865,883	4,583,820
Less: Creditors – amounts falling due within one year	12	(1,086,628)	(1,114,117)
Net current assets		3,779,255	3,469,703
Total assets less current liabilities		25,137,838	24,362,428
Creditors – amounts falling due after more than one year	13	(6,579,660)	(6,849,556)
Provisions			
Defined Benefit Obligations	19	(4,565,000)	(4,129,000)
Other provisions	15	(943,697)	(984,657)
Total net assets		13,049,481	12,399,215
Unrestricted Reserves			
Revaluation reserve		6,008,640	6,036,015
Income and expenditure account		7,040,841	6,363,200
Total unrestricted reserves		13,049,481	12,399,215

The financial statements on pages 29 to 50 were approved and authorised for issue by the Governing Body on 7th December 2021 and were signed on its behalf on that date by:

Teresa Dervin

Chair

Anthony Knowles

Principal

Statement of Cash Flows

	Notes	2021	2020
		£	£
Cash flow from operating activities			
Surplus / (Deficit) for the year		644,472	242,910
Adjustment for non-cash items			
Depreciation		621,014	534,744
(Increase) / Decrease in debtors		(148,291)	(1,961)
Increase / (Decrease) in creditors due within one year		34,801	47,624
Deferred Capital Grants Released to income		(261,638)	(261,297)
Pensions costs less contributions payable		(47,165)	(41,063)
LGPS Pension costs less contributions payable		448,000	377,000
Adjustment for investing or financing activities			
Investment income		(485)	(12,780)
Interest payable		18,535	30,009
Net cash flow from operating activities		<u>1,309,243</u>	<u>915,186</u>
Cash flows from investing activities			
Investment income		485	12,780
Payments made to acquire fixed assets		(1,086,872)	(845,929)
		<u>(1,086,387)</u>	<u>(833,149)</u>
Cash flows from financing activities			
Interest paid		(18,535)	(30,009)
Deferred Capital Grants Received		56,557	59,772
Repayments of amounts borrowed		(127,106)	(126,185)
		<u>(89,084)</u>	<u>(96,422)</u>
Increase / (Decrease) in cash and cash equivalents		<u><u>133,772</u></u>	<u><u>(14,385)</u></u>
 Cash and cash equivalents at beginning of the year	16	4,463,486	4,477,871
 Cash and cash equivalents at end of the year	16	4,597,258	4,463,486

The notes on pages 29 to 50 form part of these financial statements.

Notes to the Accounts

1. Statement of accounting policies and estimation techniques

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

Basis of preparation

These financial statements have been prepared in accordance with the *Statement of Recommended Practice: Accounting for Further and Higher Education 2019* (the 2019 FE HE SORP), the *College Accounts Direction for 2020 to 2021* and in accordance with Financial Reporting Standard 102 – “*The Financial Reporting Standard applicable in the United Kingdom and Republic of Ireland*” (FRS 102). The College is a public benefit entity and has therefore applied the relevant public benefit requirements of FRS 102.

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

Basis of accounting

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 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 Governing Body Report. The financial position of the College, its cashflow, liquidity and borrowings are presented in the Financial Statements and accompanying Notes.

The College currently has £1.38m of loans outstanding with the Royal Bank of Scotland. One loan has 9 years left to run whilst a second, smaller, loan has 13 years to run. The current cash reserves at the College, and the College's forecasts and financial projections, indicate that it will be able to service both loans for the foreseeable future.

Over the last few years, the College has seen steady growth in student numbers despite a slight fall in the demographic within the Greater Manchester area. Such growth has allowed the College to maintain its resources, invest in its estate and keep teaching and learning at the heart of its community.

Whilst some further, modest, growth is forecast, the College has a reasonable expectation that it has adequate resources to continue in operational existence for the foreseeable future. The College also has robust financial strategies should there be any further financial pressures. In 2020/21, an additional, 8 classroom, teaching block came on stream to support the growth in the 16-18 cohort in the Manchester area. In 2021/22, further capital expenditure will provide additional canteen and social space. Both these projects have been funded from College reserves.

For this reason Xaverian College will continue to adopt the going concern basis in the preparation of its Financial Statements.

Recognition of income

Government revenue grants include funding body recurrent grants and other grants and are accounted for under the accrual model as permitted by FRS 102. Funding body recurrent grants are measured in line with best estimates for the period of what is receivable and depend on the particular income stream involved.

The final grant income is normally determined with the conclusion of the year end reconciliation process with the funding body following the year end, and the results of any funding audits. 16-18 learner-responsive funding is not normally subject to reconciliation and is therefore not subject to contract adjustments.

Non-recurrent grants from non-government sources are recognised in income when the College is entitled to the income and performance related conditions have been met.

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

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

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.

Accounting for post-employment benefits

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

Contributions to the TPS are calculated so as to spread the cost of pensions over employees' working lives with the College in such a way that the pension cost is a substantially level percentage of current and future pensionable payroll. The contributions are determined by qualified actuaries on the basis of quinquennial valuations using a prospective benefit method.

As stated in Note 19, the TPS is a multi-employer scheme and the College is unable to identify its share of the underlying assets and liabilities of the scheme on a consistent and reasonable basis. The TPS is therefore treated as a defined contribution scheme and the contributions recognised as they are paid each year.

The assets of the LGPS (Greater Manchester Pension Fund – "GMPF") are measured using closing fair values. The contributions are determined by qualified actuaries on the basis of triennial valuations using a prospective benefit method.

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

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

Actuarial gains and losses are recognised immediately in financial statements.

Short term Employment benefits

Short term employment benefits such as salaries and compensated absences (holiday pay) are recognised as an expense in the year in which the employees render service to the College. Any unused benefits are accrued and measured as the additional amount the College expects to pay as a result of the unused entitlement. Holiday periods for key personnel have been aligned with the College's financial year.

Enhanced Pensions

The actual cost of any enhanced ongoing pension to a former member of staff is paid by the college annually. An estimate of the expected future cost of any enhancement to the ongoing pension of a former member of staff is charged in full to the College's income in the year that the member of staff retires. In subsequent years a charge is made to provisions in the balance sheet

Non-current Assets - Tangible fixed assets

Tangible fixed assets are held at deemed cost less accumulated depreciation and accumulated impairment losses. Certain items of fixed assets that had been revalued to fair value on or prior to the date of transition to the 2015 FE HE SORP, are measured on the basis of deemed cost, being the revalued amount at the date of that revaluation, being 1 August 2014.

Land and buildings

For a number of elements of the estate (eg the frame), the remaining life assigned by GVA Grimley Ltd was greater than the "normal" life assigned and, as such, a cap has been applied.

The buildings are depreciated on a straight line basis over their expected useful lives as follows:

- Frame – 50 years,
- Windows – maximum of 30 years,
- Roof – maximum of 50 years,
- Lift – maximum of 30 years.

Land is not depreciated as is considered to have an infinite useful life.

The College has a policy of depreciating major adaptations to buildings over the period of their useful economic life of between 20 and 50 years.

Where land and buildings are acquired with the aid of specific Government grants, they are capitalised and depreciated as above. The related grants are credited to a deferred income account within creditors, and are released to the income and expenditure account over the expected useful economic life of the related asset on a systematic basis consistent with the depreciation policy. The deferred income is allocated between creditors due within one year and those due after more than one year.

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

On adoption of FRS 102, the College followed the transitional provision to retain the book value of land and buildings, which were revalued as at 1 August 2014, as deemed cost but not to adopt a policy of revaluations of these properties in the future.

Where the revaluation resulted in the carrying value increasing, this has been recognised in the revaluation reserve. An annual transfer between the Revaluation Reserve and Income and Expenditure Reserve is performed of the additional depreciation arising as a result of the revaluation gain.

Buildings owned by third parties

Where the College enjoys the use of an asset which it does not own, and for which no rental or a nominal rental is paid, if practicable, a value is attributed to this benefit and capitalised.

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. They are not depreciated until they are brought into use.

Subsequent Expenditure on existing fixed assets

Where significant expenditure is incurred on tangible fixed assets after initial purchase it is charged to income in the period it is incurred, unless it increases the future benefits to the College in which case it is capitalised and depreciated on the relevant basis.

Equipment

Equipment and computer hardware costing less than £250 and furniture, fixtures, fittings and vehicles costing less than £500 per individual item are written off to the income and expenditure account in the period of acquisition.

Inherited equipment was depreciated on a straight-line basis over its remaining useful economic life to the College of 5 years from the original date of acquisition. All inherited equipment is now fully depreciated.

All other equipment is depreciated over its useful economic life as follows:

Equipment & IT Infrastructure	5 years on a straight-line basis
Computer Equipment	3 years on a straight-line basis

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 economic life of the related equipment.

The College charges a full year of depreciation in the year of purchase and none in the year of disposal.

Leased assets

Costs in respect of operating leases are charged on a straight-line basis over the lease term. The College does not use leased assets.

Cash and cash equivalents

Cash includes cash in hand and deposits repayable on demand.

Provisions and contingent liabilities

Provisions are recognised when:

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

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

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

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

Agency arrangements

The College acts as an agent in the collection and payment of Discretionary Support Funds. Related payments received from the funding bodies and subsequent disbursements to students are excluded from the Income and Expenditure account and are shown separately in Note 21, except for the 5 per cent of the grant received which is available to the College to cover administration costs relating to the grant. The College recognises Free Meals in Further Education income in the Income and Expenditure account as it is incurred, with any expenditure being matched by the income released. Any shortfall in bursary funding is made up using Free Meals in Further Education Income.

Financial liabilities

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

All loans held by the College are classified as basic financial instruments in accordance with FRS 102. These instruments are initially recorded at the transaction price less any transaction costs (historical cost). FRS 102 requires that basic financial instruments are subsequently measured at amortised cost. Loans and investments that are payable or receivable within one year are not discounted.

Taxation

The College is considered to pass the test 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 sections 478-488 of the 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.

Judgements in applying accounting policies and key sources of estimation uncertainty

Tangible fixed assets

- Tangible fixed assets, are depreciated over their useful lives taking into account residual values, where appropriate. Residual value assessments consider issues such as future market conditions, the remaining life of the asset and projected disposal values. An assessment of the useful life of the assets was performed at the date of valuation, and the change in useful lives applied as at the date of transition being 1 August 2014.
- The land and buildings utilised by the College are owned by the Diocese of Salford. The College has unrestricted use of the land and buildings and, in the judgement of management, such an arrangement is unlikely to cease in the near future. In management's judgement the College has control over, and will receive the future economic benefits from, the land and buildings, and consequently the land & buildings are recognised as Fixed Assets in the College Balance Sheet.

Local Government Pension Scheme and Enhanced Pension Provision

- The present value of the Local Government Pension Scheme defined benefit liability depends on a number of factors that are determined on an actuarial basis using a variety of assumptions. The assumptions used in determining the net cost (income) for pensions include the discount rate. Any changes in these assumptions, which are disclosed in note 19, will impact the carrying amount of the pension liability. The actuary has used a roll forward approach which projects results from the latest full actuarial valuation performed at 31 March 2019 to value the pensions liability at 31 July 2021. Any differences between the figures derived from the roll forward approach and a full actuarial valuation would impact on the carrying amount of the pension liability.

- As with the Local Government Pension Scheme, the factors affecting the Enhanced Pension Provision are determined externally to the College. Any changes in in these assumptions, which are disclosed in note 15, will impact the carrying amount of the Enhanced Pension Provision.

2 Funding body grants

	2021 £	2020 £
Recurrent grants		
Education and Skills Funding Agency	11,696,920	10,477,694
Local Authority High Needs Funding	79,327	107,819
Releases of government capital grants	261,638	261,297
Total	12,037,885	10,846,810

3 Tuition fees and education contracts

	2021 £	2020 £
Tuition Fees	669,750	809,250
Total	669,750	809,250

4 Other income

	2021 £	2020 £
Other income generating activities	252,661	110,958
Total	252,661	110,958

5 Investment income

	2021 £	2020 £
Other interest receivable	485	12,780
Total	485	12,780

6 Staff costs

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

	2021	2020
	No.	No.
Teaching staff	108	107
Non-teaching staff	69	69
	<u>177</u>	<u>176</u>

Staff costs for the above persons

	2021	2020
Wages and salaries	7,085,867	6,710,141
Enhanced Pension Costs	1,180	1,180
LGPS Pension Costs	388,000	318,000
Holiday Pay Accrual Movement	(5,663)	26,016
Social security costs	652,615	621,296
Other pension costs	1,397,934	1,306,724
Total Staff costs	<u><u>9,519,933</u></u>	<u><u>8,983,357</u></u>

7 Key management personnel

Key management personnel are those persons having authority and responsibility for planning, directing and controlling the activities of the College and are represented by the Senior Post-Holders which comprises the Principal, Finance Director, Vice-Principal Student Support and the Vice-Principal of Curriculum.

Emoluments of Key management personnel, Accounting Officer and other higher paid staff

	2021	2020
	No.	No.
The number of key management personnel including the Accounting Officer was:	<u><u>4</u></u>	<u><u>4</u></u>

7 Key management personnel (continued)

The number of key management personnel and other staff who received annual emoluments, excluding pension contributions but including benefits in kind, in the following ranges was:

	Senior Post Holders	
	2021	2020
	No.	No.
£60,001 to £65,000 p.a.	-	-
£65,001 to £70,000 p.a.	-	2
£70,001 to £75,000 p.a.	2	-
£75,001 to £80,000 p.a.	1	1
£80,001 to £85,000 p.a.	-	-
£85,001 to £90,000 p.a.	-	-
£90,001 to £95,000 p.a.	-	-
£95,001 to £100,000 p.a.	-	-
£100,001 to £105,000 p.a.	-	-
£105,001 to £110,000 p.a.	-	1
£110,001 to £115,000 p.a.	1	-
	4	4

Key management personnel compensation is made up as follows:

	2021	2020
	£	£
Salaries	338,081	321,104
Social Security Costs	41,795	39,521
	379,876	360,625
Pension contributions	49,995	44,503
Total compensation	429,871	405,128

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

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

	2021	2020
	£	£
Salaries	111,250	108,843
Benefits in kind	-	-
Pension Contributions	-	-
	111,250	108,843

The pension contributions in respect of the Principal and Vice-Principals are in respect of employer's contributions to the Teachers' Pension Scheme and are paid at the same rate as for other employees. The pension contributions for the Director of Finance are paid at the same rate as for other employees into the Local Government Pension Scheme.

At the end of July 2021, the Principal's basic salary (excluding pension contributions) is 2.67 times the median pay of staff, where the median pay is calculated on a full-time equivalent basis for the salaries paid by the provider to its staff.

The Governors, 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

	2021	2020
	£	£
Teaching costs	200,854	286,267
Non-teaching costs	1,222,237	1,114,841
Premises costs	662,115	511,647
Total	2,085,206	1,912,755

Other operating expenses include:

Auditor's remuneration:

External Audit – Financial Statements Audit	24,000	19,200
External Audit – Teachers Pension Return	1,800	1,800
Internal audit	12,600	11,215

9 Interest and other finance costs

	2021	2020
	£	£
On bank loans, overdrafts and other loans	18,535	30,009
LGPS Pension Finance Costs	60,000	59,000
Enhanced Pension Finance Costs	11,621	17,023
Total	90,156	106,032

10 Tangible fixed assets

	Land and buildings	Equipment	Assets Under Construction	Total
	£	£	£	£
Cost or valuation				
At 1 August 2020	21,701,785	2,353,554	946,912	25,002,251
Additions	527,091	327,184	232,597	1,086,872
Transfers	946,912		(946,912)	-
Disposals	-	(84,279)	-	(84,279)
At 31 July 2021	23,175,788	2,596,459	232,597	26,004,844
Depreciation				
At 1 August 2020	2,024,126	2,085,400	-	4,109,526
Charge for the year	375,909	245,105	-	621,014
Elimination in respect of disposals	-	(84,279)	-	(84,279)
At 31 July 2021	2,400,035	2,246,226	-	4,646,261
Net book value at 31 July 2021	20,775,753	350,233	232,597	21,358,583
Net book value at 31 July 2020	19,677,659	268,154	946,912	20,892,725

11 Debtors

	2021 £	2020 £
Amounts falling due within one year:		
Trade receivables	39,000	656
Prepayments and accrued income	229,625	119,678
Total	268,625	120,334

12 Creditors: amounts falling due within one year

	2021	2020
	£	£
Bank loans and overdrafts	128,052	127,105
Trade payables	200,831	296,301
Other taxation and social security	176,216	155,276
Accruals and deferred income	355,590	240,595
Other creditors	27,539	33,202
Deferred income - government capital grants	198,400	261,638
Total	1,086,628	1,114,117

13 Creditors: amounts falling due after one year

	2021	2020
	£	£
Bank loans	1,253,237	1,381,290
Deferred income - government capital grants	5,326,423	5,468,266
Total	6,579,660	6,849,556

14 Maturity of debt

Bank loans and overdrafts are repayable as follows:

	2021	2020
	£	£
In one year or less	128,052	127,105
Between one and two years	259,049	257,076
Between two and five years	396,353	393,184
In five years or more	597,835	731,030
Total	1,381,289	1,508,395

Bank Loan 1 for £2,140,000 repayable over 23 years up to 2030, with bank interest payable at 0.6% per annum above the Bank's interest rate.

Bank Loan 2 for £750,000 repayable over 20 years up to 2034, with bank interest payable at 2.25% per annum above the LIBOR.

15 Enhanced Pension Provision

	Defined Benefit Obligation	Enhanced pensions	Total
	£	£	£
At 1 August 2020	4,129,000	984,657	5,113,657
Expenditure in the period	706,000	11,621	717,621
Other Comprehensive Income	(258,000)	(58,787)	(316,787)
Actuarial (Gain) / Loss in Year	(12,000)	6,206	(5,794)
At 31 July 2021	4,565,000	943,697	5,508,697

The enhanced pension provision relates to the cost of staff who have already left the College's employ and commitments for reorganisation costs from which the College cannot reasonably withdraw at the balance sheet date. This provision has been recalculated in accordance with guidance issued by the funding bodies.

The principal assumptions for this calculation are:

	2021	2020
Inflation Rate	2.6%	2.2%
Interest Rate	1.6%	1.3%

16 Cash and Cash Equivalents

	At 1 August 2020	Cash flows	At 31 July 2021
	£	£	£
Cash and cash equivalents	4,463,486	133,772	4,597,258
Total	4,463,486	133,772	4,597,258

17 Capital Commitments

At 31 July, 2021 the College had no annual commitments under non-cancellable operating leases.

At 31 July, 2021 the College was committed to the completion of capital building work for a new canteen facility and associated social space. The commitment as at 31 July, 2021 is £779k. The anticipated total cost of the building is £1,023k, £233k of this expenditure is shown in Assets Under Construction on the Balance Sheet.

18 Balance Sheet Events after the period end

None noted.

19 Defined benefit obligations

The College's employees belong to two principal post-employment benefit plans the Teachers' Pension Scheme England and Wales (TPS) for academic and related staff; and the Local Government Pension Scheme (LGPS) for non-teaching staff, which is managed by the Greater Manchester Pension Fund (GMPF). Both are multi-employer defined-benefit plans.

Total pension cost for the year	2021	2020
	£	£
Teachers' Pension Scheme: contributions paid	1,144,973	1,081,968
Local Government Pension Scheme:		
Contributions paid	252,962	224,756
LGPS Pension Charge	388,000	318,000
Enhanced pension charge	12,801	18,203
Charge to the Statement of Comprehensive Income	653,763	560,959
Total Pension Cost for year within staff costs	1,798,735	1,642,927

The pension costs are assessed in accordance with the advice of independent qualified actuaries. The latest formal actuarial valuation of the TPS was 31 March 2016 and of the LGPS 31 March 2019. There were no outstanding or prepaid contributions at the beginning or the end of the financial year.

Teachers' Pension Scheme

The Teachers' Pension Scheme (TPS) is a statutory, contributory, defined benefit scheme, governed by the Teachers' Pensions Regulations 2010, and, from 1 April 2014, by the Teachers' Pension Scheme Regulations 2014. These regulations apply to teachers in schools and other educational establishments, including academies, in England and Wales that are maintained by local authorities. In addition, teachers in many independent and voluntary-aided schools and teachers and lecturers in some establishments of further and higher education may be eligible for membership. Membership is automatic for full-time teachers and lecturers and, from 1 January 2007, automatic too for teachers and lecturers in part-time employment following appointment or a change of contract. Teachers and lecturers are able to opt out of the TPS.

Valuation of the Teachers' Pension Scheme

The latest actuarial review of the TPS was carried out as at 31 March 2016 and in accordance with The Public Service Pensions (Valuations and Employer Cost Cap) Directions 2014. The valuation report was published by the Department for Education (the Department) in April 2019. The key results of the valuation are:

- New employer contribution rates were set at 23.68% of pensionable pay (compared to 16.48% during 2018/19). DfE has agreed to pay a teacher pension employer contribution grant to cover the additional costs during the 2019-20 academic year;
- total scheme liabilities for service to the effective date of £218 billion, and notional assets of £198 billion, giving a notional past service deficit of £22 billion;
- an employer cost cap of 10.9% of pensionable pay.

The new employer contribution rate for the TPS was implemented from September 2019.

A full copy of the valuation report and supporting documentation can be found on the Teachers' Pension Scheme website at the following location:

<https://www.teacherspensions.co.uk/news/employers/2014/06/publication-of-the-valuation-report.aspx>

The pension costs paid to TPS in the year amounted to £1,599,560 (2020: £1,491,550).

FRS 102 (28)

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

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

Local Government Pension Scheme**Greater Manchester Pension Fund**

The scheme available to support staff is the Greater Manchester Pension Fund (GMPF). The LGPS is a funded defined-benefit plan, with the assets held in separate funds administered by the Greater Manchester Pension Fund through Tameside Borough Council.

The agreed employer contribution rate was 19%. The agreed contribution rates for employees range from 5.5% to 9.9%, depending on salary. The expected, employer's contributions for the period to 31 July 2022 will be approximately £260,000.

Principal Actuarial Assumptions

The pension cost is assessed in accordance with the advice of an independent, qualified actuary. The latest actuarial valuation of the scheme was at 31 March 2019. The following information is based upon a full actuarial valuation of the fund at 31 March 2019 by a qualified independent actuary, updated to 31 July 2021 by a qualified, independent actuary.

	At 31 July 2021	At 31 July 2020
Rate of increase in salaries	3.6% p.a.	2.9% p.a.
Future pensions Increases	2.8% p.a.	2.1% p.a.
Consumer Price Inflation	2.8% p.a.	2.1% p.a.
Discount Rate for Scheme Liabilities	1.6% p.a.	1.4% p.a.

The Discount Rate has been increased from 1.4% to 1.6% but changes to salary increases and future pension increases has led to the worsening of the deficit position.

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 2021 years	At 31 July 2020 years
<i>Retiring today</i>		
Males	20.5	20.5
Females	23.3	23.1
<i>Retiring in 20 years</i>		
Males	21.9	22.0
Females	25.3	25.0

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

	% share of the assets 31 July 2021	Fair Value at 31 July 2021 £'000	% share of the assets 31 July 2020	Fair Value at 31 July 2020 £'000
Equities	71%	6,425	67%	4,923
Bonds	15%	1,358	18%	1,323
Property	6%	543	7%	514
Cash	8%	724	8%	588
Total Fair Value of plan assets	100%	9,050	100%	7,348

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

	2021	2020
	£'000s	£'000s
Fair Value of plan assets	9,050	7,348
Present Value of plan liabilities	(13,586)	(11,448)
Present Value of unfunded liabilities	(29)	(29)
Net LGPS Pensions Liability	(4,565)	(4,129)

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

	2021	2020
	£'000s	£'000s
Amounts included in staff costs		
Current Service Cost	(646)	(597)
Past Service Costs	-	50
Employers Contributions	258	229
Total	(388)	(318)

	2021	2020
	£'000s	£'000s
Amounts included in interest and other finance costs		
Net Finance Cost	(60)	(59)

	2021	2020
	£'000s	£'000s
Amounts recognised in Other Comprehensive Income		
Return on pension plan assets	1,435	(443)
Changes in assumptions underlying the present value of plan liabilities	(1,423)	(681)
Amount recognised in Other Comprehensive Income	12	(1,124)

Movement in defined benefit liability in period 1 August 2020 to 31 July 2021	2021	2020
	£'000s	£'000s
Net defined liability at 1 August	(4,129)	(2,628)
Movement in Year:		
Current Service Cost	(646)	(597)
Employers Contribution	258	229
Past Service Cost	-	50
Net Interest on defined liability	(60)	(59)
Actuarial Gain / (Loss)	12	(1,124)
Net defined liability at 31 July	(4,565)	(4,129)
 Changes in the present value of defined benefit obligations	 2021	 2020
	£'000s	£'000s
Defined benefit obligations at 1 August	11,477	10,131
Movement in Year:		
Current Service Cost	646	597
Interest Cost	164	218
Contributions by scheme participants	84	82
Changes in Demographic Assumptions	69	268
Changes in Other Financial Assumptions	1,354	413
Estimated benefits paid	(179)	(182)
Past Service cost	-	(50)
Defined benefit obligations as at 31 July	13,615	11,477
 Changes in the fair value of plan assets	 2021	 2020
	£'000s	£'000s
Fair Value of plan assets as at 1 August	7,348	7,503
Movement in Year:		
Interest on plan assets	104	159
Return on plan assets less interest on plan assets	1,435	(443)
Employer contributions	258	229
Contributions by scheme participants	84	82
Estimated benefits paid	(179)	(182)
Fair Value of plan assets as at 31 July	9,050	7,348

In 2019/20, the High Court handed down judgements involving the Lloyds Banking Group's defined benefit pension schemes. The judgement concluded the schemes should be amended to equalise pension benefits for men and women in relation to guaranteed minimum pension benefits, ('GMP'). There has also been court action regarding age discrimination in the fire service with regard to pension benefits. The impact on the LGPS, and the financial impact has been reflected in the FRS102 LGPS positions for the College.

20 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 member 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.

In 2020/21, there were no transactions with related parties. In 19/20, the total value of transactions with related parties was £1,680 being payments made to Strata, a web design company assessed as being a related party.

Governors have not been reimbursed for any expenses during the year.

**21 Amounts disbursed as agent –
Learner Support Funds**

	2021	2020
	£	£
Balance Brought Forward	-	-
Funding body grants – bursary support	399,486	372,874
	<u>399,486</u>	<u>372,874</u>
Disbursed to students	(370,165)	(359,201)
Administration costs	(17,617)	(13,464)
	<u>11,704</u>	<u>-</u>

Funding body grants are available solely for students. In the majority of instances, the College only acts as a paying agent. In these circumstances, the grants and related disbursements are, therefore excluded from the Statement of Comprehensive Income.