

THE LIPA SIXTH FORM COLLEGE
(A Company Limited by Guarantee)
Annual Report and Financial Statements
Year ended 31 August 2017

Registered number: 08825752 (England and Wales)

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Reference and administrative details of The LIPA Sixth Form College, its governors and advisers

Members

M Featherstone-Witty RNOM OBE

R Grey

I Jones

Governors

J Moriarty, Chair

C Bartholomew

E L Cornah (from 9 August 2017)

S C Doherty (from 15 November 2017)

M Featherstone-Witty RNOM OBE, Chief Executive

A Jones

I Kellgren

C Leight (until 8 August 2017)

A Packer

Company Secretary

K Dimmock

Company Name

The LIPA Sixth Form College

Company registered number

08825752

Registered office

The Liverpool Institute

Mount Street

Liverpool

L1 9HF

Senior management team

*M Featherstone-Witty RNOM OBE

C Bartholomew

*R Adams

*J Dimmock

*K Dimmock

*D Fletcher

*C Lewis

*J Pritchard

Chief Executive

Director of the Sixth Form College

Director of Administration and Personnel

Head of Corporate and Financial Development

(between 12 September 2016 and 31 December 2016)

Head of Accounting

Group Director of Finance (from 1 January 2017)

Director of Marketing and Student Recruitment

Group Director of Finance (until 30 September 2016)

*Members of LIPA Directorate

The LIPA Sixth Form College

Independent auditor

Grant Thornton UK LLP
Chartered Accountants
Statutory Auditor
Royal Liver Building
Liverpool
L3 1PS

Internal auditors

RSM Risk Assurance Services LLP
3 Hardman Street
Manchester
M3 3HF

Bankers

The Royal Bank of Scotland plc
1 Dale Street
Liverpool
L2 2PP

Solicitors

Weightmans
100 Old Hall Street
Liverpool
L3 9QJ

The LIPA Sixth Form College

Governors' Report

The Governors, who are the directors for the purposes of the Companies Act, present their report together with the audited annual financial statements for The LIPA Sixth Form College for the year ended 31 August 2017. The annual report serves the purposes of both a trustees' report and a directors' report under company law.

Structure, governance and management

a. Constitution

In pursuance of its educational objective of developing an integrated educational group, The Liverpool Institute for Performing Arts ("LIPA" or "the Sponsor") sponsored the development of The LIPA Sixth Form College (the "Charitable Company" or the "the Sixth Form College") under the Government's Free Schools Initiative.

The LIPA Sixth Form College is a company limited by guarantee and an exempt charity. The Charitable Company's memorandum and articles of association are its primary governing documents. The Governors of the Charitable Company are its directors for the purposes of company law and also its trustees for the purposes of charity law.

The Governors who served during the year ended 31 August 2017 are listed in the Reference and Administrative Details page of the financial statements.

b. Members' liability

Each Member of the Charitable Company undertakes to contribute to the assets of the Charitable Company in the event of it being wound up while they are a Member, or within one year after they cease to be a Member, such amount as may be required, not exceeding £10, for the debts and liabilities contracted before they ceased to be a Member.

c. Governors' indemnities

The Charitable Company has in place insurance which indemnifies the Governors when acting in that capacity on its behalf.

d. Principal activities

The Sixth Form College offers a curriculum covering the performing and creative arts and ancillary skills for the education of young people aged 16 to 19. The College opened in September 2016 and is now operating at full capacity as of September 2017.

e. Method of appointment or election of Members and Governors

The Membership comprises three persons, all of whom are signatories to the Memorandum of Association and are members of LIPA. LIPA may appoint eight Members and the Members themselves may appoint additional Members by Special Resolution. There is no limit on the number of Members.

The Members may appoint up to eight Governors, five of which are to be nominated by LIPA, and such Staff Governors as they think fit, provided that the number of Staff Governors does not exceed one third of the total number of Governors.

The Director of the Sixth Form College is a Governor. A minimum of 2 Parent Governors are to be elected by parents of registered pupils at the Sixth Form College. A Parent Governor must be a parent of a pupil at the Sixth Form College at the time of election.

Governors are elected for a term of four years but, subject to remaining eligible, may be re-elected.

f. Policies and procedures adopted for the induction and training of Governors

The training and induction provided for new Governors will depend on their existing experience. Where necessary induction will provide training on charity, educational, legal and financial matters. All Governors are welcome to visit the Sixth Form College and to meet with staff and students. All Governors are to be provided with copies of policies, procedures, minutes, accounts, budgets, plans and other documents that they will need to undertake their role as Governors. As there will normally be only one or two new Governors a year, induction will be done informally and will be tailored specifically to the individual.

g. Organisational structure

A unified management structure is being developed that will consist of three levels: the Governors, the Senior Management Team and the Operational Management Team. The aim of the management structure is to devolve responsibility and encourage involvement in decision making at all levels. The Director of the Sixth Form College is employed by LIPA on the same terms as other LIPA staff, as are all other staff engaged, or to be engaged, on the Sixth Form College's operations, including members of the Senior Management Team and teaching staff.

LIPA provides a range of administrative support services required by the Sixth Form College. LIPA may charge no more than its costs in providing the services.

h. Connected organisations

The Sixth Form College is sponsored by LIPA, whose Founding Principal and Chief Executive, Mr Mark Featherstone –Witty, is Chief Executive and Accounting Officer of the Sixth Form College. The College is also connected, via LIPA, to the LIPA Primary School.

i. Risk management

The Governors have assessed the major risks to which the Sixth Form College is, and will be, exposed, in particular those relating to the specific teaching, provision of facilities and other operational areas of the Sixth Form College and its finances. The Governors have implemented a number of systems to assess risks that the Sixth Form College will face, especially in the operational areas (for example in relation to teaching, health and safety, bullying and discipline) and in relation to the control of finance. They have introduced systems, including operational procedures (e.g. staff conduct policies) and internal financial controls in order to minimise risk. These policies mirror those of LIPA.

Insurance cover has been implemented to mitigate the financial consequences of the major risk areas.

j. Arrangements for setting pay and remuneration of key management personnel

All staff engaged on the College's operations, including members of the Senior Management Team and teaching staff, are employed by LIPA. As such the staff are employed on the same terms as other LIPA staff.

The pay of the Chief Executive and senior post holders is determined by LIPA's Remuneration Committee, having regard to pay scales in the sector and the performance of the individual employees. The pay of teachers is set through discussion between the Chief Executive, the Director and the Director of Administration and Personnel, and reflects national scales.

The LIPA Sixth Form College

Objectives and Activities

a. Objects and aims

The objects for which the Charitable Company is established are specifically restricted to a 16 to 19 Sixth Form College offering a curriculum appropriate to the needs of its students.

The Charitable Company has adopted principles approved by the Secretary of State for Education. These include, amongst other things, the basis for admitting pupils to the Sixth Form College, the catchment area from which pupils are drawn, and that the curriculum should comply with the substance of the national curriculum.

b. Strategies and activities

The Sixth Form College is implementing an approach to deliver its transformational agenda in a challenging and, in areas, deprived community by:

- Having personalised learning experiences integrated with new technologies;
- Assessing admissions based on the concept of a community Sixth Form College serving all prospective students of its community;
- Continuing development of a learning model to meet the needs of the whole community, offering innovative and far reaching practices;
- Providing value for money for the funds expended; and
- Providing a programme of activities for all students.

c. Public benefit

On commencement of teaching in September 2016 the Charitable Company became an exempt charity with the charitable purpose of advancement of education to students between the ages of 16 and 19.

The Governors have complied with their duty to have due regard to the guidance on public benefit published by the Charity Commission in respect of exercising their powers and duties.

Strategic report

a. Key financial performance indicators

The College commenced teaching in September 2016. Key performance indicators cover student enrolment, attendance, retention and progress. The College also has measures in place to ensure that quality of education provided and is working proactively on student progression and achievement routes in advance of its first Ofsted visit, which, under the current Ofsted regime, will be before July 2019.

The financial performance indicators mirror those adopted by LIPA, and cover operating surplus and salaries as a percentage of income, cash, debtor and creditor days and capital investment.

b. Achievements and performance

The College has successfully achieved its admission targets in both September 2016 and 2017 and it now operating at full capacity. Extensive redevelopment works took place during 2015-16 to ensure that the facilities offer students an outstanding learning environment. Progression of students continues to be monitored and the College has invested in systems to track student progress throughout their course. The first achievement results will be known towards the end of the teaching year 2017-18.

The LIPA Sixth Form College

c. Going concern

After making appropriate enquiries, the Governors have a reasonable expectation that the Sixth Form College has adequate resources to continue in operational existence for the foreseeable future. For this reason it continues to adopt the going concern basis in preparing the financial statements. Further details regarding the adoption of the going concern basis can be found in the Accounting Policies.

Financial review

a. Principal funding

Most of the Sixth Form College's income is obtained from the Department for Education ("DfE") in the form of grants, the use of which may be restricted to particular purposes. The grant from the DfE during the year ended 31 August 2017 and the associated expenditure are shown as restricted funds in the statement of financial activities.

The Sixth Form College also receives grants for fixed assets from the DfE. In accordance with the Charities Statement of Recommended Practice, 'Accounting and Reporting by Charities' (SORP 2005) such grants are shown in the Statement of Financial Activities as restricted income in the fixed asset fund.

The restricted fixed asset fund balance is reduced by annual depreciation charges over the expected useful life of the assets concerned.

b. Financial report for the year

During the year, the College had total incoming resources of £1,510,475 (2016: £5,962,612) of which £267,141 was received for the funding of fixed assets (2016: £5,862,612). The College incurred total expenditure for the year of £1,178,855 (2016: £230,021). The College spent £438,051 on acquiring fixed assets (2016: £5,125,109).

c. Reserves policy

The Governors recognise that as the Sixth Form College develops it will need to hold a level of reserves. In setting a policy the Governors will be mindful of:

- The need to spend funds in the year of their receipt or subsequently; and
- The need to demonstrate a level of prudence and good financial planning to cover unexpected and unplanned events so that the Sixth Form College's objective is preserved in unforeseen circumstances.

The Governors will determine an amount to set aside annually with the aim of having sufficient free reserves to meet an average month's expenditure.

d. Principal risks and uncertainties

LIPA has a comprehensive risk management policy to identify, evaluate and manage risk. The Sixth Form College has adopted the same approach in the identification and management of risks. Risks are categorised into strategic risks and operational risks. Strategic risks include political, economic, social, technological, legal, environmental, competitive and customer. Managing these risks is a core responsibility of the Senior Management Team in liaison with Governors. Operational risks include professional, financial, legal, physical, contractual and technological. Risks are assessed in terms of impact and likelihood and risk control measures are identified and assigned to an appropriate member of staff.

The LIPA Sixth Form College

e. Investment policy

The Sixth Form College holds its funds in a bank current account as they are needed for day-to-day operations and capital expenditure. As the Sixth Form College develops it will use appropriate forms of investment, particularly bank deposit accounts, to ensure that income is maximised.

f. Financial and Risk Management Objectives and Policies

Parliament has agreed, at the request of the Secretary of State for Education, to a guarantee that, in the event of academy closure, outstanding local government pension scheme liabilities would be met by the Department for Education. The Sixth Form College does not have any employees covered by this scheme.

The Sixth Form College intends to use a variety of financial instruments, including cash and items such as trade debtors and trade creditors that arise directly from day to day activities. The main purpose of these financial instruments is to ensure liquidity for the Sixth Form College's operations.

Plans for future periods

The Sixth Form College will strive to ensure that all students achieve their maximum potential. The Sixth Form College received its second cohort of students in September 2017 and is now fully operational with 369 students over 2 years.

Auditor

Each of the persons who are Governors at the time when this Governors' report is approved has confirmed that:

- So far as that Governor is aware, there is no relevant audit information of which the College's auditor is unaware, and
- That Governor has taken all the steps that ought to have been taken as a Governor in order to be aware of any relevant audit information and to establish that the College's auditor is aware of that information.

Approval

Grant Thornton UK LLP, having expressed their willingness to continue in office, will be deemed reappointed for the next financial year in accordance with section 487 (2) of the Companies Act 2006 unless the Charitable Company receives notice under section 488 (1) of the Companies Act 2006.

This report, incorporating the Strategic report, was approved by order of the Governors, as the company directors, on 23 November 2017 and signed on the board's behalf by:



J Moriarty
Chair of Governors

The LIPA Sixth Form College

Governance Statement

Scope of Responsibility

As Governors, we acknowledge we have overall responsibility for ensuring that the Sixth Form College has an effective and appropriate system of control, financial and otherwise. However, such a system is designed to manage rather than eliminate the risk of failure to achieve strategic objectives, and can provide only reasonable and not absolute assurance against material misstatement or loss.

The Governors have delegated the day-to-day responsibility to the Chief Executive, as Accounting Officer, for ensuring financial controls conform with the requirements of both propriety and good financial management and in accordance with the requirements and responsibilities assigned to it in the funding agreement between the Sixth Form College and the Secretary of State for Education. The Chief Executive is also responsible for reporting to the Governors any material weaknesses or breakdowns in internal control.

Governance

The information on governance included here supplements that described in the Governors' Report and in the Governors' responsibilities statement. From 1 September 2016 up to 23 November 2017, the latest practical date before completing this report, the Governor Directors have formally met on four occasions. Attendance at meetings of the Governor Directors was as follows:

Governor	14 October 2016	24 November 2016	28 April 2017	14 July 2017
J Moriarty, Chair	✓	✓	✓	✓
C Bartholomew	✓	✓	✓	✓
E L Cornah (from 9 August 2017)				
S C Doherty (from 15 November 2017)				
M Featherstone-Witty RNOM OBE, Chief Executive	✓	✓	✓	✓
A Jones	✓	Apologies	✓	✓
I Kellgren	Apologies	✓	✓	✓
C Leight (until 8 August 2017)	✓	✓	✓	✓
A Packer	✓	✓	✓	✓

There were six meetings of the LIPA Group Audit Committee during the period, at which the College's affairs were discussed. The membership of the LIPA Group Audit Committee includes a representative of the LIPA Sixth Form College, and there is a dedicated part of the agenda set aside for Sixth Form College business.

There were four meetings of the LIPA Group Finance Committee during the period, at which the College's affairs were discussed. The Chief Executive attends meetings of the LIPA Group Finance Committee. The membership of the LIPA Group Finance Committee also includes a representative of the Sixth Form College, and there is a dedicated part of the agenda set aside for Sixth Form College business.

Relevant members of the Senior Management Team also attended meetings of the Governors and the LIPA Group Audit and Finance Committees as appropriate.

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Value for Money

As Accounting Officer, the Chief Executive has responsibility for ensuring that the Sixth Form College delivers good value in the use of public resources. The Accounting Officer understands that value for money refers to the educational and wider societal outcomes achieved in return for the taxpayer resources received.

The Accounting Officer considers how the Sixth Form College's use of its resources has provided good value for money during each academic year, and reports to the Governors where value for money can be improved, including the use of benchmarking data where available. The Accounting Officer for LIPA Sixth Form College has delivered improved value for money during the year by:

- Applying strict procurement procedures, including multiple quotations and competitive tendering; and
- Reducing expenditure by utilisation of LIPA group services delivered at cost.

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 Sixth Form 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 the Sixth Form College for the year to 31 August 2017 and up to the date of approval of the annual report and financial statements.

Capacity to Handle Risk

The Governors have reviewed the key risks to which the Sixth Form College is exposed together with the operating, financial and compliance controls that have been implemented to mitigate those risks. The Governors are of the view that there is a formal ongoing process for identifying, evaluating and managing the Sixth Form College's significant risks, which has been in place for the year to 31 August 2017 and up to the date of approval of the annual report and financial statements. This process is regularly reviewed by the Governors.

The Risk and Control Framework

The Sixth Form College's system of internal financial control adheres to that prevailing in LIPA. This is based on a framework of regular management information and administrative procedures including the segregation of duties and a system of delegation and accountability. In particular, it includes:

- Comprehensive budgeting and monitoring systems with an annual budget and periodic financial reports which are reviewed and agreed by the Governors;
- Regular reviews by the LIPA Group Finance Committee of reports which indicate financial performance against the forecasts and of major purchase plans, capital works and expenditure programmes;
- Setting targets to measure financial and other performance;
- Clearly defined purchasing (asset purchase or capital investment) guidelines.
- Delegation of authority and segregation of duties; and
- Identification and management of risks.

The Governors have agreed to appoint RSM Risk Assurance Services LLP as internal auditor and have not nominated a Responsible Officer. The internal auditor's role includes performing a range of checks on the College's financial and operating systems.

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Review of Effectiveness

As Accounting Officer, the Chief Executive has responsibility for reviewing the effectiveness of the system of internal control. During the year in question the review has been informed by:

- The work of internal audit across the wider LIPA processes, systems and controls and specific reviews of the Sixth Form College's operations;
- The work of the independent auditor; and
- The work of the executive managers within the Sixth Form College who have responsibility for the development and maintenance of the internal control framework.

The Accounting Officer has been advised of the implications of the result of their review of the system of internal control.

Approved by order of the Governors on 23 November 2017 and signed on their behalf, by:



J Moriarty
Chair of Governors



M Featherstone-Witty
Accounting Officer

Statement on Regularity, Propriety and Compliance

As Accounting Officer of The LIPA Sixth Form College, I have considered my responsibility to notify the Governors and the Education and Skills Funding Agency (ESFA) of material irregularity, impropriety and non-compliance with ESFA terms and conditions of funding, under the funding agreement in place between the Sixth Form College and the Secretary of State. As part of my consideration I have had due regard to the requirements of the Academies Financial Handbook 2016/17.

I confirm that I and the Governors are able to identify any material, irregular or improper use of funds by the Sixth Form College, or material non-compliance with the terms and conditions of funding under the Sixth Form College's funding agreement and the Academies Financial Handbook 2016/17.

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



M Featherstone-Witty
Accounting Officer
23 November 2017

Governors' Responsibilities Statement for the year ended 31 August 2017

The Governors (who act as trustees of The LIPA Sixth Form College and are also the directors of the Charitable Company for the purposes of company law) are responsible for preparing the Governors' report (including the Strategic report) and the financial statements in accordance with the Annual Accounts Direction issued by the Education and Skills Funding Agency, United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice) and applicable law and regulations.

Company law requires the Governors to prepare financial statements for each financial year. Under company law the Governors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the Charitable Company and of its incoming resources and application of resources, including its income and expenditure, for that year. In preparing these financial statements, the Governors are required to:

- Select suitable accounting policies and then apply them consistently;
- Observe the methods and principles of the Charities SORP;
- Make judgments and accounting estimates that are reasonable and prudent;
- State whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements; and
- Prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Charitable Company will continue in business.

The Governors are responsible for keeping adequate accounting records that are sufficient to show and explain the Charitable Company's transactions and disclose with reasonable accuracy at any time the financial position of the Charitable Company and enable them to ensure that the financial statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the Charitable Company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

The Governors are responsible for ensuring that in its conduct and operation the Charitable Company applies financial and other controls that conform to the requirements both of propriety and of good financial management. They are also responsible for ensuring grants received from ESFA/DfE have been applied for the purposes intended.

The Governors are responsible for the maintenance and integrity of the corporate and financial information included on the Charitable Company's website. Legislation in the United Kingdom governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

Approved by order of the Governors on 23 November 2017

and signed on its behalf by:



J Moriarty
Chair of Governors
23 November 2017

Independent auditor's report to the governors of The LIPA Sixth Form College

Opinion

We have audited the financial statements of The LIPA Sixth Form College ('the charitable company') for the year ended 31 August 2017 which comprise the Statement of Financial Activities (including the income and expenditure account and Statement of total recognised gains and losses), the Balance Sheet, the Cash Flow Statement and notes to the financial statements, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 102; The Financial Reporting Standard applicable in the UK and Republic of Ireland (United Kingdom Generally Accepted Accounting Practice) and the Academies Accounts Direction 2016 to 2017 issued by the Education and Skills Funding Agency.

In our opinion the financial statements:

- Give a true and fair view of the state of the charitable company's affairs as at 31 August 2017 and of its incoming resources and application of resources, including its income and expenditure, for the year then ended;
- Have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice;
- Have been prepared in accordance with the requirements of the Companies Act 2006; and
- Have been prepared in accordance with the Charities SORP 2015 and Academies Accounts Direction 2016 to 2017.

Basis for opinion

We have been appointed as auditor under the Companies Act 2006 and report in accordance with regulations made under that Act. 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 charitable company 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.

Who we are reporting to

This report is made solely to the charitable company's governors, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the charitable company's governors 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 charitable company and its members as a body, for our audit work, for this report, or for the opinions we have formed.

Conclusions relating to going concern

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

- The governors' use of the going concern basis of accounting in the preparation of the

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

Other information

The governors are responsible for the other information. The other information comprises the information included in the governors report set out on pages 4 to 8, other than the financial statements and our auditor's report thereon. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon. In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether there is a material misstatement in the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

Opinion on other matters prescribed by the Companies Act 2006

In our opinion, based on the work undertaken in the course of the audit:

- The information given in the Governors Report for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- The Governors Report has been prepared in accordance with applicable legal requirements.

Matter on which we are required to report under the Companies Act 2006

In the light of the knowledge and understanding of the charitable company and its environment obtained in the course of the audit, we have not identified material misstatements in the Governors Report.

Matters on which we are required to report by exception

We have nothing to report in respect of the following matters where the Companies Act 2006 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
- Certain disclosures of the trustees' remuneration specified by law are not made; or
- We have not received all the information and explanations we require for our audit.

Responsibilities of Governors

As explained more fully in the Governors' Responsibilities Statement set out on page 9, the governors (who are also the directors of the charitable company for the purposes of company

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law) are 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 governors 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 governors are responsible for assessing the charitable company'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 governors either intend to liquidate the charitable company 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 these financial statements.

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



Carl Williams
Senior Statutory Auditor
for and on behalf of Grant Thornton UK LLP
Statutory Auditor, Chartered Accountants
LIVERPOOL
24th November 2017

Independent Reporting Accountant's Assurance Report on Regularity to The LIPA Sixth Form College and the Education and Skills Funding Agency

In accordance with the terms of our engagement letter dated September 2017 and further to the requirements of the Education and Skills Funding Agency (ESFA) as included in the Academies Accounts Direction 2016 to 2017, we have carried out an engagement to obtain limited assurance about whether the expenditure disbursed and income received by the The LIPA Sixth Form College during the period 1 September 2016 to 31 August 2017 have been applied to the purposes identified by Parliament and the financial transactions conform to the authorities which govern them.

This report is made solely to The LIPA Sixth Form 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 LIPA Sixth Form College and the ESFA those matters we are required to state to them 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 LIPA Sixth Form College and the ESFA, for our work, for this report, or for the conclusion we have formed.

Respective responsibilities of The LIPA Sixth Form College's Accounting Officer and the reporting accountant

The accounting officer is responsible, under the requirements of The LIPA Sixth Form College's funding agreement with the Secretary of State for Education and the Academies Financial Handbook, extant from 1 September 2016, for ensuring that expenditure disbursed and income received is applied for the purposes intended by Parliament and the financial transactions conform to the authorities which govern them.

Our responsibilities for this engagement are established in the United Kingdom by our profession's ethical guidance and are to obtain limited assurance and report in accordance with our engagement letter and the requirements of the Academies Accounts Direction 2016 to 2017. 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 September 2016 to 31 August 2017 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 Academies Accounts Direction 2016 to 2017 issued by the ESFA. We performed a limited assurance engagement as defined in our engagement letter.

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 and propriety of the academy trust's income and expenditure.

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The work undertaken to draw our conclusion includes:

- An assessment of the risk of material irregularity and impropriety across the Academy Trust's activities;
- Evaluation of the processes and controls established and maintained in respect of regularity, propriety and compliance of the use of public funds through observation of the arrangements in place and enquiry of the Accounting Officer;
- Consideration and corroboration of the evidence supporting the Accounting Officer's statement on regularity, propriety and compliance; and
- Limited testing on a sample basis of income and expenditure for the areas identified as high risk.

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 September 2016 to 31 August 2017 have not been applied to purposes intended by Parliament and the financial transactions do not conform to the authorities which govern them.



Grant Thornton UK LLP
Chartered Accountants
LIVERPOOL
24 November 2017

**Statement of Financial Activities
for the year ended 31 August 2017
(including Income and Expenditure Account)**

	Note	Unrestricted Funds £	Restricted General Funds £	Restricted Fixed Asset Funds £	2017 Total £	2016 Total £
Income and endowments from:						
Donations and capital grants	3	-	-	267,141	267,141	800,000
Charitable activities:						
Funding for the Charitable Company educational operations	4	-	1,242,584	-	1,242,584	5,162,612
Other trading activities	5	750	-	-	750	-
Total		<u>750</u>	<u>1,242,584</u>	<u>267,141</u>	<u>1,510,475</u>	<u>5,962,612</u>
Expenditure on:						
Raising funds	6	-	-	-	-	-
Charitable activities:						
Charitable Company educational operations	6/7	-	1,006,509	172,346	1,178,855	230,021
Total		<u>-</u>	<u>1,006,509</u>	<u>172,346</u>	<u>1,178,855</u>	<u>230,021</u>
Net income/(expenditure)		750	236,075	94,795	331,620	5,732,591
Transfers between funds	14	-	(134,070)	134,070	-	-
Other recognised gains and (losses)		-	-	-	-	-
Net movement in funds		<u>750</u>	<u>102,005</u>	<u>228,865</u>	<u>331,620</u>	<u>5,732,591</u>
Reconciliation of funds						
Total funds brought forward at 1 September 2016		-	(44,143)	6,158,719	6,114,576	381,985
Total funds carried forward at 31 August 2017		<u>750</u>	<u>57,862</u>	<u>6,387,584</u>	<u>6,446,196</u>	<u>6,114,576</u>

All amounts relate to continuing operations.

The Statement of Financial Activities includes all gains and losses recognised in the period.

The notes on pages 20 to 31 form part of these financial statements.

The LIPA Sixth Form College

Balance Sheet as at 31 August 2017

	Note	2017 £	2016 £
Fixed assets			
Tangible assets	11	6,469,207	6,223,959
Current assets			
Debtors	12	138,743	439,745
Cash at bank		367	438,633
		139,110	878,378
Creditors: amounts falling due within one year	13	(162,121)	(987,761)
Net current (liabilities)/assets		(23,011)	(109,383)
Net assets		6,446,196	6,114,576
Funds of the Sixth Form College			
Restricted funds			
Fixed asset fund	14	6,387,584	6,158,719
General fund	14	57,862	(44,143)
Total restricted funds		6,445,446	6,114,576
Unrestricted income funds			
General fund	14	750	-
Total unrestricted funds		750	-
Total funds		6,446,196	6,114,576

The financial statements were approved by the Governors, and authorised for issue on 23 November 2017 and are signed on their behalf by:



J Moriarty
Chair of Governors

Cash Flow Statement for the year ended 31 August 2017

	Note	2017 £	Period to 31 August 2016 £
Cash flow from operating activities			
Net cash provided by (used in) operating activities	16	(287,813)	387,647
Cash flows from financing activities	17	-	-
Cash flows from investing activities	18	(150,453)	(62,497)
Change in cash and cash equivalents in the year		<u>(438,266)</u>	<u>325,150</u>
Cash and cash equivalents at 1 September 2016		<u>438,633</u>	<u>113,483</u>
Cash and cash equivalents at 31 August 2017		<u>367</u>	<u>438,633</u>

1. Statement of Accounting Policies

A summary of the principal accounting policies adopted (which have been applied consistently, except where noted), judgements and key sources of estimation uncertainty, is set out below.

1.1 Basis of Preparation

The financial statements of the College, which is an Academy, have been prepared under the historical cost convention. This is in accordance with the Financial Reporting Standards applicable in the UK and Republic of Ireland (FRS 102). It is also in accordance with the Accounting and Reporting by Charities: Statement of Recommended Practice applicable to charities preparing their accounts in accordance with the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS 102) (Charities SORP (FRS 102)). Furthermore, the accounts have been prepared in accordance with the Academies Accounts Direction 2016 to 2017 issued by ESFA, as well as the Charities Act 2011 and the Companies Act 2006.

The LIPA Sixth Form College meets the definition of a Public Benefit Entity under FRS 102.

1.2 Going concern

The Governors assess whether the use of going concern is appropriate, i.e. whether there are any material uncertainties related to events or conditions that may cast significant doubt on the ability of the Charitable Company to continue as a going concern. The Governors make this assessment in respect of a period of one year from the date of authorisation for issue of the financial statements and have concluded that the College has adequate resources to continue in operational existence for the foreseeable future and, furthermore, there are no material uncertainties about the College's ability to continue as a going concern, thus they continue to adopt the going concern basis of accounting in preparing the financial statements.

1.3 Income

All incoming resources are recognised when the College has entitlement to the funds, the receipt is probable and the amount can be measured reliably.

Grants

Grants are included in the Statement of Financial Activities on a receivable basis. The balance of income received for specific purposes but not expended during the period is shown in the relevant funds on the balance sheet. Where income is received in advance of meeting any performance-related conditions there is not unconditional entitlement to the income and its recognition is deferred and included in creditors as deferred income until the performance-related conditions are met. Where entitlement occurs before income is received, the income is accrued.

General Annual Grant is recognised in full in the Statement of Financial Activities in the year for which it is receivable and any abatement in respect of the period is deducted from income and recognised as a liability.

Sponsorship Income

Sponsorship income provided to the College that amounts to a donation is recognised in the Statement of Financial Activities in the period in which it is receivable (where there are no performance-related conditions), where the receipt is probable and it can be measured reliably.

Donations

Donations are recognised on a receivable basis (where there are no performance-related conditions) where the receipt is probable and the amount can be reliably measured.

Other Income

Other income, including the hire of facilities, is recognised in the period it is receivable and to the extent the College has provided the goods or services.

Donated goods, facilities and services

Goods donated for resale are included at fair value, being the expected proceeds from sale less the expected costs of sale. If it is practical to assess the fair value at receipt, it is recognised in stock and 'Income from other trading activities'. Upon sale, the value of the stock is charged against 'Income from other trading activities' and the proceeds are recognised as 'Income from other trading activities'. Where it is impractical to fair value the items due to the volume of low value items they are not recognised in the financial statements until they are sold. This income is recognised within 'Income from other trading activities'.

The LIPA Sixth Form College

Accounting Policies continued

Where the donated good is a fixed asset it is measured at fair value, unless it is impractical to measure this reliably, in which case the cost of the item to the donor should be used. The gain is recognised as income from donations and a corresponding amount is included in the appropriate fixed asset category and depreciated over the useful economic life in accordance with the Charitable Company's accounting policies.

1.4 Expenditure

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

Expenditure on Raising Funds

This includes all expenditure incurred by the College to raise funds for its charitable purposes and includes costs of all fundraising activities events and non-charitable trading.

Charitable Activities

These are costs incurred on the academy trust's educational operations, including support costs and costs relating to the governance of the academy apportioned to charitable activities.

All resources expended are inclusive of irrecoverable VAT.

1.5 Intangible Fixed Assets

Intangible assets costing £1,000 or more are capitalised and recognised when future economic benefits are probable and the cost or value of the asset can be measured reliably. Intangible assets are initially recognised at cost and are subsequently measured at cost net of amortisation and any provision for impairment. Amortisation is provided on intangible fixed assets at rates calculated to write off the cost of each asset on a straight-line basis over its expected useful life. The Charitable Company owned no separable intangible fixed assets at either the start or end of the financial year.

1.6 Tangible Fixed Assets

Assets individually, or groups of the same items collectively, costing £1,000 or more are capitalised as tangible fixed assets and are carried at cost, net of depreciation and any provision for impairment.

Where tangible fixed assets have been acquired with the aid of specific grants, either from the government or from the private sector, they are included in the Balance Sheet at cost and depreciated over their expected useful economic life. Where there are specific conditions attached to the funding requiring the continued use of the asset, the related grants are credited to a restricted fixed asset fund in the Statement of Financial Activities and carried forward in the Balance Sheet. Depreciation on the relevant assets is charged directly to the restricted fixed asset fund in the Statement of Financial Activities. Where tangible fixed assets have been acquired with unrestricted funds, depreciation on such assets is charged to the unrestricted fund.

Depreciation is provided on all tangible fixed assets other than freehold land, at rates calculated to write off the cost of each asset on a straight-line basis over its expected useful life, as follows:

Long leasehold buildings	50 years
Fixtures, fittings and equipment	10 years
Computer hardware and non-separable software	5 years

Long leasehold land at a value of £1.5m is not depreciated.

Land and buildings have been recognised at the cost of purchasing the lease of the property together with the cost of modifications to the buildings. The cost of the modifications to the building have been funded by grants from the Education and Skills Funding Agency. These grants are reflected in the restricted fixed asset funds

The Charitable Company's land and buildings are held under a 125-years, LIPA. The lease was purchased by the Education and Skills Funding Agency for a consideration of £800,000 and title to the lease was transferred to The LIPA Sixth Form College. The purchase of the lease by the ESFA and its subsequent transfer to the Charitable

The LIPA Sixth Form College

Accounting Policies continued

Company represented a gift in kind. In recognising the cost of the lease on the Balance Sheet a corresponding entry to voluntary income within the restricted fixed asset funds was recognised in the Statement of Financial Activities.

Assets in the course of construction are included at cost. Depreciation on these assets is not charged until they are brought into use.

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

1.7 Liabilities

Liabilities are recognised when there is an obligation at the balance sheet date as a result of a past event, it is probable that a transfer of economic benefit will be required in settlement, and the amount of the settlement can be estimated reliably. Liabilities are recognised at the amount that the Charitable Company anticipates it will pay to settle the debt or the amount it has received as advanced payments for the goods or services it must provide.

1.8 Provisions

Provisions are recognised when the Charitable Company has an obligation at the reporting date as a result of a past event which it is probable will result in the transfer of economic benefits and the obligation can be estimated reliably.

Provisions are measured at the best estimate of the amounts required to settle the obligation. Where the effect of the time value of money is material, the provision is based on the present value of those amounts, discounted at the pre-tax discount rate that reflects the risks specific to the liability. The unwinding of the discount is recognised within interest payable and similar charges.

1.9 Leased Assets

Rentals under operating leases are charged on a straight line basis over the lease term.

1.10 Taxation

The Charitable Company is considered to pass the tests set out in Paragraph 1 Schedule 6 of the Finance Act 2010 and therefore it meets the definition of a charitable company for UK corporation tax purposes.

Accordingly, the Charitable Company is potentially exempt from taxation in respect of income or capital gains received within categories covered by part 11, chapter 3 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.

1.11 Pensions Benefits

Retirement benefits to teachers engaged on Charitable Company activities are provided by the Teachers' Pension Scheme ("TPS"). This is a defined benefit scheme, is contracted out of the State Earnings-Related Pension Scheme ("SERPS"), and the assets are held separately from those of the Charitable Company.

The TPS is an unfunded scheme and contributions are calculated so as to spread the cost of pensions over employees' working lives with the Charitable Company in such a way that the pension cost is a substantially level percentage of current and future pensionable payroll. The contributions are determined by the Government Actuary on the basis of quinquennial valuations using a prospective benefit method. As stated in note 22, the TPS is a multi-employer scheme and the Charitable Company 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.

Retirement benefits to non-teaching staff engaged on Charitable Company activities are provided by the LIPA Staff Pension Schemes, a group of defined contribution pension plans for other employees providing benefits additional to those from the State. The assets of the schemes are held separately from those of the company in independently administered fund.

1.12 Fund Accounting

Unrestricted income funds represent those resources which may be used towards meeting any of the charitable objects of the Charitable Company at the discretion of the trustees.

Restricted fixed asset funds are resources which are to be applied to specific capital purposes imposed by funders where the asset acquired or created is held for a specific purpose.

The LIPA Sixth Form College

Accounting Policies continued

Restricted general funds comprise all other restricted funds received with restrictions imposed by the funder/donor and include grants from the Education and Skills Funding Agency.

1.13 Critical accounting estimates and areas of judgement

Estimates and judgements are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

Critical accounting estimates and assumptions

The Charitable Company makes estimates and assumptions concerning the future. The resulting accounting estimates and assumptions will, by definition, seldom equal the related actual results. There are no estimates or assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year.

Critical areas of judgement

There are no areas of judgement that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year.

1.14 Financial Instruments

The academy trust only holds basic financial instruments as defined in FRS 102. The financial assets and financial liabilities of the academy trust and their measurement basis are as follows:

Financial assets – trade and other debtors are basic financial instruments and are debt instruments measured at amortised cost as detailed in note 12. Prepayments are not financial instruments.

Cash at bank – is classified as a basic financial instrument and is measured at face value.

Financial liabilities – trade creditors, accruals and other creditors are financial instruments, and are measured at amortised cost as detailed in note 13. Taxation and social security are not included in the financial instruments disclosure definition. Deferred income is not deemed to be a financial liability, as the cash settlement has already taken place and there is an obligation to deliver services rather than cash or another financial instrument.

The LIPA Sixth Form College

Notes to the Accounts

2 General Annual Grant (GAG)

Under the funding agreement with the Secretary of State the academy trust received GAG funding during the year ended 31 August 2017. Restrictions related to this funding are set out in the funding agreement and the academy trust complied with these restrictions in the year ended 31 August 2017.

3.	Donations and capital grants	Unrestricted funds £	Restricted funds £	2017 Total £	2016 Total £	
	Capital Grants	-	267,141	267,141	5,062,612	
	Other donations	-	-	-	800,000	
		-	267,141	267,141	5,862,612	
4.	Funding for Charitable Company's educational operations	Unrestricted funds £	Restricted funds £	2017 Total £	2016 Total £	
	DfE/ESFA grants					
	General Annual Grant (GAG)	-	1,000,854	1,000,854	-	
	Start Up grants	-	188,000	188,000	100,000	
	Other DfE/ESFA grants	-	14,000	14,000	-	
		-	1,202,854	1,202,854	100,000	
	Other Government grants					
	Local Authority grants	-	10,535	10,535	-	
	Other income from the Charitable Company's educational operations	-	29,195	29,195	-	
		-	39,730	39,730	-	
5.	Other trading activities	Unrestricted funds £	Restricted funds £	2017 Total £	2016 Total £	
	Other activities	750	-	750	-	
		750	-	750	-	
6.	Expenditure	Staff Costs £	Non Pay Expenditure Premises £	Other £	2017 Total £	2016 Total £
	Expenditure on raising funds	-	-	-	-	-
	Charitable Company's educational operations:					
	Direct costs	522,483	261,601	199,684	983,768	157,669
	Support costs	89,436	43,072	62,579	195,087	72,352
		611,919	304,673	262,263	1,178,855	230,021

The LIPA Sixth Form College
Notes to the Accounts continued

Net income/(expenditure) for the year includes:

Depreciation	172,346	-
Fees payable to independent auditor for:		
- Audit	7,500	4,900
- Other services	750	1,500

There were no compensation payments, gifts, fixed asset, stock or cash losses nor unrecoverable debts in the year (2016: £nil)

7. Charitable activities	2017	2016
	£	£
Direct costs – educational operations	983,768	157,669
Support costs – educational operations	195,087	72,352
Total	1,178,855	230,021
Analysis of support costs – educational operations		
Support staff costs	89,436	19,393
Premises costs	43,072	-
Other support costs	52,021	44,202
Governance costs	10,558	8,757
Total	195,087	72,352

8.a Staff costs

All staff, including the Director, engaged on the Charitable Company's activities during the year were employed by LIPA and their salaries and other costs recharged to the Charitable Company. The total cost of staff recharged to the Charitable Company for the year to 31 August 2017 was £604,064 (2016: £125,387).

	2017	2016
	£	£
Wages and salaries	488,504	103,784
Social security costs	46,490	10,490
Operating costs of defined benefit pension scheme	64,527	10,713
Defined contribution pension scheme	4,543	400
	604,064	125,387

8.b Staff numbers

The average number of persons employed directly on the College's activities during the year expressed as full time equivalents was as follows:

	2017	2016
Teachers	11.24	1
Administration and support	1.69	0.5
Management	1	-
	13.93	1.5

The LIPA Sixth Form College

Notes to the Accounts continued

8.c Higher paid staff

The number of employees whose employee benefits (excluding employer pension costs) exceeded £60,000 was:

	2017	2016
£60,001 - £70,000	-	1
£70,001 - £80,000	1	-

8.d. Key management personnel

The key management personnel of the Charitable Company comprise the Governors and the senior management team as listed on page 2. Of the key management personnel, only the Director was directly remunerated by LIPA for services to the Charitable Company.

8.e Pensions

The teaching staff participated through LIPA in the Teachers' Pension Scheme. During the year ended 31 August 2017, pension contributions amounted to £64,527 (2016: £10,713). Support staff participated through LIPA in the Defined Contribution Pension Scheme. During the year ended 31 August 2017, pension contributions amounted to £4,543 (2016: £400).

9. Related Party Transactions –Governor's remuneration and expenses

No Governor, other than the Director has been paid remuneration or has received other benefits from an employment with the Charitable Company. The Director only receives remuneration in respect of services provided undertaking the role of Director under a contract of employment.

During the year the Sixth Form College paid Radero Limited, a company in which Mr A Jones has an interest, £NIL for consultancy services (2016: £13,122). In addition, travel and subsistence expenses totalling £508 (2016: £830) were reimbursed to 2 Governors (2016: 3).

10. Governors' and officers' insurance

In accordance with normal commercial practice the Charitable Company has arranged insurance to protect Governors and officers from claims arising from negligent acts, errors or omissions occurring whilst on Charitable Company business. The insurance provides cover up to £10m on any one claim, with maximum of claims of £10m in any year. The cost of this insurance is included in the Risk Protection cover organised through the Department for Education.

11. Tangible fixed assets	Leasehold Land and Buildings £	Furniture and Equipment £	ICT £	Total £
Cost				
At 1 September 2016	5,882,139	328,745	13,075	6,223,959
Additions	56,624	102,984	257,986	417,594
Disposals	-	-	-	-
At 31 August 2017	5,938,763	431,729	271,061	6,641,553
Depreciation				
At 1 September 2016	-	-	-	-
Charged in year	100,381	33,292	38,673	172,346
At 31 August 2017	100,381	33,292	38,673	172,346
Net book values				
At 31 August 2017	5,838,382	398,437	232,388	6,469,207
At 31 August 2016	5,882,139	328,745	13,075	6,223,959

In March 2015 the Charitable Company acquired a 125-year lease of 70 Hope Street, Liverpool, from LIPA. The property was previously occupied by LIPA. The consideration of £800,000 for the lease was paid by the ESFA.

The LIPA Sixth Form College

Notes to the Accounts continued

Work on adapting the building to meet the Charitable Company's requirements and allow the admission of the first cohort of pupils was completed by 31 August 2016, the cost of the modifications being funded by a grant from the ESFA and support from LIPA.

12. Debtors		2017	2016		
		£	£		
Grant receivable		-	418,003		
VAT recoverable		96,037	-		
Prepayments and accrued income		42,706	21,742		
		<u>138,743</u>	<u>439,745</u>		
13. Creditors: Amounts falling due within one year		2017	2016		
		£	£		
Trade creditors		11,643	25,026		
Taxation		-	486,974		
Related parties		46,113	20,485		
Accruals and deferred income		104,365	455,276		
		<u>162,121</u>	<u>987,761</u>		
14. Funds					
	Balance at 1 September 2016 £	Incoming Resources £	Resources Expended £	Gains, Losses and Transfers £	Balance at 31 August 2017 £
Restricted general funds					
General Annual Grant and restricted educational funds	(44,143)	1,242,584	(1,006,509)	(134,070)	57,862
	<u>(44,143)</u>	<u>1,242,584</u>	<u>(1,006,509)</u>	<u>(134,070)</u>	<u>57,862</u>
Restricted fixed asset funds					
DFE/ESFA capital grants	5,358,719	267,141	(172,346)	134,070	5,587,584
Donated assets	800,000	-	-	-	800,000
	<u>6,158,719</u>	<u>267,141</u>	<u>(172,346)</u>	<u>134,070</u>	<u>6,387,584</u>
Total restricted funds	<u>6,114,576</u>	<u>1,509,725</u>	<u>(1,178,855)</u>	<u>-</u>	<u>6,445,446</u>
Unrestricted funds					
Unrestricted funds	-	750	-	-	750
Total Funds	<u>6,114,576</u>	<u>1,510,475</u>	<u>(1,178,855)</u>	<u>-</u>	<u>6,446,196</u>

The specific purposes for which the funds are to be applied are as follows:

Unrestricted income funds represent those resources that may be used towards meeting any of the charitable objects

The LIPA Sixth Form College

Notes to the Accounts continued

of the Sixth Form College at the discretion of the Governors.

Restricted fixed asset funds are resources that are to be applied to specific capital purposes imposed by the Department for Education where the asset acquired or created is held for a specific purpose.

Restricted general funds comprise all other restricted funds received and include grants from the Department of Education.

Under the finding agreement with the Secretary of State, the Sixth Form College was not subject to a limit on the amount of GAG that it could carry forward at 31 August 2017.

15. Analysis of net assets between funds

	Unrestricted Funds	Restricted General Funds	Restricted Fixed Asset Funds	Total Funds
	£	£	£	£
Tangible fixed assets	-	-	6,469,207	6,469,207
Current assets	750	138,360	-	139,110
Current liabilities	-	(80,498)	(81,623)	(162,121)
Total net assets	750	57,862	6,387,584	6,446,196

16. Reconciliation of net (expenditure)/ income to net cash flow from operating activities

	2017 £	2016 £
Net (expenditure)/income for the year as per the statement of financial activities	331,620	5,732,591
Adjusted for:		
Depreciation (note 11)	172,346	-
Capital grants from DfE	(267,141)	(5,062,612)
Donated asset	-	(800,000)
(Increase)/ Decrease in debtors	301,002	(258,098)
(Decrease)/Increase in creditors	(825,640)	775,766
Net cash provided by/(used in) operating activities	(287,813)	387,647

17. Cash flows from financing activities

	2017 £	2016 £
Interest received	-	-
Net cash provided by/(used in) financing activities	-	-

The LIPA Sixth Form College

Notes to the Accounts continued

18. Cash flows from investing activities	2017 £	2016 £
Purchase of tangible fixed assets	(417,594)	(5,125,109)
Capital grant funding from ESFA	267,141	5,062,612
Net cash provided by/(used in) investing activities	(150,453)	(62,497)

19. Contingent liabilities

During the period of the Funding Agreement, in the event of the sale or disposal by other means of any asset for which a Government capital grant was received, the Sixth Form College is required either to re-invest the proceeds or to repay to the Secretary of State for Education and Skills the same proportion of the proceeds of the sale or disposal as equates with the proportion of the original cost met by the Secretary of State.

Upon termination of the Funding Agreement, whether as a result of the Secretary of State or the Sixth Form College serving notice, the Sixth Form College shall repay to the Secretary of State sums determined by reference to:

(a) The value at the time of the Sixth Form College's site and premises and other assets held for the purpose of the Sixth Form College; and

(b) The extent to which expenditure incurred in providing those assets was met by payments by the Secretary of State under the Funding Agreement.

20. Members' liability

Each Member of the Charitable Company undertakes to contribute to the assets of the company in the event of it being wound up while he/she is a member, or within one year after he/she ceases to be a Member, such amount as may be required, not exceeding £10 for the debts and liabilities contracted for before he/she ceases to be a Member.

21. Capital commitments

At 31 August 2017 the Sixth Form College had no capital commitments for building works, ICT, furniture or equipment contracted for but not provided in these financial statements (2016: £nil).

22. Pension commitments

As advised in the Governors' report, all individuals engaged, or to be engaged, on the Sixth Form College's operations are, or will be, employed by LIPA. Teaching and teaching related staff are entitled to join the Teacher's Pension Scheme for England and Wales (TPS). This is a defined benefit scheme. Other staff are entitled to join the LIPA Staff Pension Schemes. These are defined contribution schemes.

The pension costs of the TPS are assessed in accordance with the advice of independent qualified actuaries. The latest actuarial valuation of the TPS related to the period ended 31 March 2012. The LIPA Staff Pensions Schemes, being defined contribution schemes, are not subject to valuation.

Teachers' Pension Scheme

Introduction

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. Membership is automatic for full-time teachers in academies and, from 1 January 2007, automatic for teachers in part-time employment following appointment or a change of contract, although they are able to opt out.

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

Valuation of the Teachers' Pension Scheme

Not less than every four years the Government Actuary, using normal actuarial principles, conducts a formal actuarial review of the TPS in accordance with the Public Service Pensions (Valuations and Employer Cost Cap) Directions 2014 published by HM Treasury. The aim of the review is to specify the level of future contributions. Actuarial scheme

The LIPA Sixth Form College

Notes to the Accounts continued

valuations are dependent on assumptions about the value of future costs, design of benefits and many other factors. The latest actuarial valuation of the TPS was carried out as at 31 March 2012 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 on 9 June 2014. The key elements of the valuation and subsequent consultation are:

- Employer contribution rates set at 16.48% of pensionable pay (including a 0.08% employer administration charge (currently 14.1%);
- Total scheme liabilities (pensions currently in payment and the estimated cost of future benefits) for service to the effective date of £191,500 million, and notional assets (estimated future contributions together with the notional investments held at the valuation date) of £176,600 million giving a notional past service deficit of £14,900 million;
- An employer cost cap of 10.9% of pensionable pay will be applied to future valuations; and
- The assumed real rate of return is 3.0% in excess of prices and 2% in excess of earnings. The rate of real earnings growth is assumed to be 2.75%. The assumed nominal rate of return is 5.06%.

During the year the employer contribution rate was 14.1%. The TPS valuation for 2012 determined an employer rate of 16.4% from September 2015, which will be payable during the implementation period until the next valuation as at March 2016, whereupon the employer contribution rate is expected to be reassessed and will be payable from 1 April 2019. At the time of writing these accounts, the valuation as at March 2016 has not been released.

The latest actuarial valuation of the TPS related to the period ended 31 March 2012 and of the LGPS 31 March 2013. A copy of the valuation report and supporting documentation is on the Teachers' Pensions website. The employer's contributions payable in respect of the TPS were £64,527 (2016: £801). At 31 August 2017 there were outstanding contributions due by LIPA to the TPS of £51,236 (2016: £801).

Under the definitions set out in FRS 102, the TPS is a multi-employer pension scheme. The Charitable Company has accounted for its contributions to the scheme as if it were a defined contribution scheme. The Charitable Company has set out above the information available on the scheme.

Defined Contribution Scheme

Retirement benefits for other, non-teaching, staff are provided through the LIPA Staff Pension Schemes. These are defined contribution schemes. The contributions payable in respect of defined contribution scheme arrangements for the year were £4,543 (2016: £400). At 31 August 2017 there were no outstanding contributions due by LIPA to the LIPA Staff Pension Schemes (2016: £nil).

The member and the employer make contributions to the LIPA Staff Pension Schemes. Currently contribution rates for the main scheme are 7.4% to 11.7% of pensionable salary by the member and 16.48% of pensionable salary by the employer. Employees may choose to join a default scheme introduced as part of the Government's auto enrolment programme. Under this scheme both the member and the company make contributions of 3% of pensionable salary. Employees may elect to join neither the main nor the default scheme.

23. Operating lease commitments

At 31 August 2017 the Sixth Form College had no annual commitments (2016: £nil) under non-cancellable operating leases.

24. Related party transactions

Owing to the nature of the Sixth Form College's operations and the composition of the board of Governors being drawn from various public and private sector organisations, transactions may take place with organisations in which a Governor has an interest. All transactions involving such organisations are conducted at arm's length and in accordance with the Sixth Form College's financial regulations and normal procurement procedures.

In March 2015 the Charitable Company acquired a 125-year lease of 70 Hope Street, Liverpool, from LIPA. The property was occupied by LIPA. The consideration of £800,000 for the lease was paid by the ESFA.

During the year to 31 August 2017 LIPA paid and recovered costs of £652,387 on behalf of the Sixth Form College (2016: £167,113) and charged £87,168 (2016: £nil) for support services. At 31 August 2017 the Sixth Form College owed LIPA £42,376 (2016: £14,941).

25. Events after the end of the reporting period

There were no material events after the end of the reporting period impacting the results for the year or the balance sheet at 31 August 2017.

