
Aquinas College

Report and Financial Statements

Year ended 31 July 2023

AQUINAS COLLEGE
Report and Financial Statements – Year ended 31 July 2023

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KEY MANAGEMENT PERSONNEL & GOVERNING BODY

KEY MANAGEMENT PERSONNEL

Key management personnel are defined as senior post holders/members of the College Leadership Team and were represented by the following in 2022/23:

Daniel Pearson: Principal and Accounting Officer
Andrew Bailey: Vice Principal
Debbie Blackburn: Senior Assistant Principal, Finance
Catherine Phillips: Assistant Principal, Quality and Curriculum

GOVERNING BODY

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

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

PROFESSIONAL ADVISORS

Financial Statement Auditors:

Murray Smith LLP
Chartered Accountants
& Statutory Auditor
Darland House
44 Winnington Hill
Northwich
Cheshire
CW8 1AU

Tel: 01606 79411

Internal Auditors:

Wylie & Bisset
168 Bath Street,
Glasgow,
G2 4TP

Tel: 0141 566 7000

Bankers:

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

Tel: 0113 394 2192

Solicitors:

Gorvins
Tiviot House,
Stockport,
Cheshire,
SK1 1TA

Tel: 0845 539 5151

AQUINAS COLLEGE

Report and Financial Statements – Year ended 31 July 2023

OPERATING AND FINANCIAL REVIEW:

NATURE, OBJECTIVES AND STRATEGIES:

The members present their report and the audited financial statements for the year ended 31 July 2023.

Legal status

The College, founded in September 1980, was moved from the Schools to the FE sector under Section 28 of the Further and Higher Education Act (1992) as a College designated to receive FEFC funds. This was deemed necessary by Parliament in that as a voluntary aided College it did not own either its land or buildings. Although the governing body did not achieve Governing Body status under Further and Higher Education (1992), this was achieved under the Education Act 2000. The College is an exempt charity for the purposes of Part 3 of the Charities Act 2011. On 29th November 2022, the college sector was moved back into the public sector. These accounts include details of the impact of that change.

Mission

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

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

COVID-19

The College returned to normal operations in 2021/22. Whilst there have been some instances of staff absence due to the impact of the virus, this has been managed and 2022/23 has been largely unaffected. There has been no impact on the finance function.

Implementation of strategic plan

The College’s objectives are set out in the strategic plan updated in July 2022 for the year ended July 2023. This plan includes the strategic direction of the College and financial forecasts. The Governing Body monitors the performance of the College against these plans. The plans are reviewed and updated each year. The College’s continuing strategic objectives are:

- To return to controlled student number growth. The revised number to be around 2,413 (FTE) in the year to July 2023.
- To review and maintain the high achievement rates for students within College. The achievement rate target remains at around 90%.
- To review the provision for adult education in the light of funding cuts.
- To encourage students to take responsibility for their own learning and promote and develop relevant learning strategies.
- Despite financial pressures, to make the necessary level of investment to maintain the high standards in learning resources in both the Learning Resource Centre and the IT Centre.
- To obtain capital funding for an expansion to the site by completing an additional classroom block.

The College is on target for achieving these objectives.

AQUINAS COLLEGE

Report and Financial Statements – Year ended 31 July 2023

OPERATING AND FINANCIAL REVIEW /Continued...

Implementation of strategic plan /Continued...

The College's specific objectives for 2022/23 and achievement of those objectives is addressed below:

- To achieve full time 16-19 students of 2,413 based on funding levels ie to maintain student numbers at the previous year's level. Actual student numbers at September 22 was 2,396. Having grown by over 100 in the previous year we had to control numbers this year as the college building is reaching full capacity. The actual outcome was to fall by 17 after we had given out fewer offers of places. Managing the student numbers in the face of the large oversubscription and the risk of significantly under recruiting and the subsequent effect of funding in the following year remains an annual preoccupation. The College will continue to manage this area closely.
- Outcomes in July 2023 were brought in line with the 2019 outcomes. Achievement (formerly success) rates of 87% (2022 87%) for all courses have been achieved in 2022/23. These are excellent outcomes for students who have experienced significant disruption to their teaching and learning
- To introduce the Thrive model to offer individualised support to students. Further development of MyAquinas will allow targeted action and allow students to seek support. This will be further enhanced in 2023/24.
- To review the tutorial program in the light of further funding cuts to ensure it is effective and relevant and delivered concisely. This has led to a decision to return to a full tutorial program to support students and deliver the additional 40 hours required by the funding body.
- To develop the IT strategy group to oversee all IT strategy to enable the College to keep at the forefront of IT development, keep security in line with Cyber security requirements and ensure that IT remains a support for curriculum delivery and is appropriate for the future. We continue to investigate innovative solutions like chromebooks for IT rich subjects.
- To obtain capital funding for a new build. In 2022/23, it was confirmed that we have been successful in obtaining DFE support for the new build project. This is a grant of 80% of a build cost of around £3.9m. This needs to be completed by September 2024. The current plan is to commence the build in October 23.

Financial plan

The College governors approved a financial plan in July 2023 which sets objectives for the year to 31st July 2025.

Financial Objectives

The College's financial objectives are:

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

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

AQUINAS COLLEGE

Report and Financial Statements – Year ended 31 July 2023

OPERATING AND FINANCIAL REVIEW /Continued...

Performance indicators

Key Performance indicators	Target	Actual for 2022/23
Student numbers	2,413	2,396
EBITDA as % of income	5.2%	10.5%
Staff costs as % of income	76.1%	68.6%
Operating cash flow	743	2,129
Adjusted current ratio	6.84	5.69
Borrowing as % of income	16.8%	16.0%
Reliance on ESFA income	92.4%	88.3%
Financial Health Score	Good	Outstanding

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

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

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

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

Public Benefit

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

In delivering its mission, the College provides identifiable public benefits through the advancement of education to 2,396 students, including 50 students with high needs. The College provides courses without charge to young people, to those who are unemployed and adults taking English and maths courses. The College adjusts its courses to meet the needs of local employers. The College is committed to providing information, advice and guidance to the students it enrolls and to finding suitable courses for as many students as possible regardless of their educational background.

AQUINAS COLLEGE
Report and Financial Statements – Year ended 31 July 2023

OPERATING AND FINANCIAL REVIEW /Continued...**FINANCIAL POSITION:****Financial Results**

The College generated a surplus before other gains and losses in the year of £1,058k (2022: £122k), with total comprehensive income of £2,951k (2022: £6,308k). These set of results include the FRS102(28) defined benefit actuarial adjustments. The adjustments have increased the results for the year with additional accounting adjustments to salaries and interest charges and an actuarial gain of £1,893k. The College generated a trading surplus of £1,238k but cumulative adjustments posted due to the GMPF pension note were £1,713k which has led to the reported total comprehensive surplus of £2,951k. Additional information is included in note 21.

The College has accumulated general reserves of £11.810m (2022: £8.859m) and cash balances and short term deposits of £8.569m (2022: £8.908m) of which £431k (2022: £358k) are amounts held as deposits on behalf of students. Reserves have been affected positively by the FRS102(28) adjustments. A defined benefit asset of £2.527m as at the 31st July 2023 (2022: £814k) has increased the reserves balance.

Tangible fixed asset additions during the year amounted to £480k. Additions mainly relate to IT purchases although there have been small amounts spent on furniture and fixtures.

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

In 2022/23 the ESFA provided 88.3% (2022: 89.0%) of the College's total income.

Treasury policies and objectives

The College has treasury management arrangements in place to manage cash flows, banking arrangements and the risks associated with those activities. Short term deposits are authorised by the Principal. All borrowing requires the authorisation of the Governing Body.

The College has no plans to increase borrowings and is confident that the loan taken out in 2010 will be repaid in line with the scheduled repayment plan.

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

Cash flows

The total net cash outflow of £339k (Inflow 2022: £645k) has arisen due to the increase in amounts held on deposit at the year end. The underlying operations have generated around £1.4m in cash. The College loans crystallised in March 2011 and the full facility of £4.45m was drawn down. The outstanding balance is £2.296m, £1.343m remains on a fixed term with the balance of £0.953m on variable repayments.

Liquidity

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

Reserves Policy

The College has no formal Reserves Policy but recognises the importance of reserves in the financial stability of any organisation, and ensures that there are adequate reserves to support the College's core activities. As at the balance sheet date the Income and Expenditure reserve stands at £11.810m (2022: £8.859m). It is the Governing Body's intention to increase reserves over the life of the strategic plan through the generation of annual operating surpluses to create a contingency fund. This is negatively affected by movements on the FRS102 pension fund adjustments.

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Report and Financial Statements – Year ended 31 July 2023

OPERATING AND FINANCIAL REVIEW /Continued...

Financial Health/Continued....

Current and Future development and Performance

Financial health

Aquinas College has Outstanding financial health in 2022/23. We continue to achieve the maximum score of 100 for the adjusted current ratio as our cash balances are healthy and we deliver cash surpluses each year. Our loan balances are £2.296m which generates a score of 80. However, we can pay off £0.953m of this without penalty and the penalty on the fixed term loan of £1.343m is around £7k due to the recent increases in interest rates. If we settle these loans we can manage the loans score up to the maximum of 100 whilst still not affecting our current ratio measure. We maintain the loan balances as we can place them on deposit and cover any financing costs. Due to the large increase in funding for 2022/23, the operating surplus for 2022/23 has generated 100 and we have achieved "outstanding" financial health with a score of 280.

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

Student Numbers

In 2022/23, the College has delivered activity that has produced £12,069k in funding body main allocation funding (2022: £10,738k). Last year saw the first significant increase in funding rates for many years. The College had 2,396 16-18 students on role. The College was inspected in April 2023 by OfSTED. A full inspection was undertaken and the "good" grade was reconfirmed.

Student Achievements

Students continue to achieve well at the College. Results this year have been based on external examination with no adjustment to outcomes due to the Pandemic. Retention is slightly down but has held up well considering the continued disruption due to Covid absences. In 2022/23, achievement is 87% (2022: 87%). We continue to strive for good outcomes for students.

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

External exams for GCSEs have also returned to normal. We have a particular focus on trying to get students on the most appropriate courses based on their prior attainment, whether this is the academic route or the vocational route. A great deal of time is spent with each student to assess their needs during several one to one interviews with a member of staff. We have introduced an additional series of checks and balances to further assess students in the early weeks of the course with a view to move them if they are finding it too difficult. We have supported similar numbers of students in securing a University place. Advice and guidance is also given to students looking for employment or apprenticeships and we have seen a growth in the number of students progressing to a Higher Level Apprenticeship. Our tutorial program evolves to support students in all aspects of their two year journey and their progression after college.

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

AQUINAS COLLEGE

Report and Financial Statements – Year ended 31 July 2023

OPERATING AND FINANCIAL REVIEW /Continued...

Student Achievements/Continued...

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

In 2022/23 we continued to deliver a franchised PGCE on behalf of the University of Bolton and all 8 students were successful on that course in the year.

Payment Performance

The Late Payment of Commercial Debts (Interest) Act 1998, in the absence of agreement to the contrary, requires organisations to settle debts within 30 days. During the accounting period 1 August 2022 to 31 July 2023, the College paid 98.7 per cent of its invoices within that 30 days. The College incurred no interest charges in respect of late payment for this period.

Events after the end of the reporting period

There are no post balance sheet events to note.

Future Prospects

We have now occupied the new building for 13 years. The size of the building was determined by the number of students on roll at the time. Whilst numbers have grown the building is flexible enough to accommodate this.

The plan is for “creeping growth” of 20 students per year. Because of the difficulties of managing the oversubscription and predicting conversion rates we do experience some fluctuation (growth or small reduction) year on year as managing static student numbers remains an issue. We grew by around 115 in September 2021 and needed to control numbers for September 22, as we could not risk another large increase. Actual student numbers in September 22 fell by 17 which was a good outcome and ensured a smooth enrolment.

We are getting close to the maximum number of students we feel is optimal for the College and whilst the large increase will help funding levels it is starting to put a strain on some specialist spaces in the building. We consequently applied for and were successful in obtaining capital support for a 12-classroom block on the site. We are working towards occupation in September 24.

Following the reclassification of colleges to the public sector, we have been subject to a number of new requirements. As a college we have always conducted ourselves as if we were in the public sector as we are wholly reliant on ESFA funding to run the college. As such we do not feel that the changes will affect our operations. We hope that some of the benefits of the Public Sector can be obtained by colleges eg the public sector pension guarantee, central insurances and the abolition of VAT. These may come to fruition over time. At the moment changes such as the lack of access to commercial borrowing have not affected us as we have significant cash reserves.

The increase in funding over the last couple of years has been welcome but costs are also increasing as the latest funding increase was to cover additional pay awards for staff. We run the College efficiently and look for further efficiencies such as natural wastage and staff leaving and not being replaced in full. Annually work is undertaken to manage staffing, tutorial, ethics and enrichment to deliver small surpluses and remain solvent.

Following the OfSTED inspection in April 2023 we received confirmation of the previous assessment of “Good”. There were many positive comments about our care for students and student outcomes. We will continue with our quality and pastoral program to ensure that the College continues to provide the best opportunities for our students and staff and address the small number of areas which were highlighted as needing some attention.

Catholic colleges are now able to academise but the Diocese are still deciding how they follow this direction with particular regard to the college. We continue to explore this option and currently they have allowed us to explore options with other Catholic colleges but plans are at an early stage.

AQUINAS COLLEGE

Report and Financial Statements – Year ended 31 July 2023

OPERATING AND FINANCIAL REVIEW /Continued...

Future Prospects/Continued....

The College has completed a two year plan in July 2023 and based on the new method of calculation of financial health, the College is assessed as Good for 2023/24 and 2024/25. The financial health measure is negatively affected by our level of borrowings. However as explained that indebtedness is completely within our control and repayable.

The College continues to reorganise quality and pastoral teams and senior staff positions. Most students' program of study comprises of three subjects which means we have embedded the efficiencies for staff planning. We anticipate that surpluses will be maintained in the coming years and our cash balances remain healthy so it is appropriate that we use the going concern method of accounting in the preparation of these accounts.

Staff and Student Involvement

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

RESOURCES

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

Tangible resources include the main College site.

Financial

The College has £12.648million (2022: £9.697million) of net assets. A defined benefit scheme asset of £2.527m (2022: asset of £814k) for the College's share of the net GMPF asset and long term debt of £2.296million (2022: £2.497million) exist as at 31st July 2023. Tangible resources include the main College site, which consists of a £40million (2022: £40million) building completed in May 2010 and an associated sports hall and facilities.

People

The College employs 287 (2022: 274) people (expressed as number of heads), of whom 171 (2022: 163) are teaching staff.

Reputation

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

Principal Risks and uncertainties

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

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

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

AQUINAS COLLEGE

Report and Financial Statements – Year ended 31 July 2023

OPERATING AND FINANCIAL REVIEW /Continued...

Principal risks and uncertainties/Continued....

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.

1. Government funding

The College has considerable reliance on continued government funding through the further education sector funding bodies. In 2022/23, 88% of the College's revenue was ultimately public funded and this level of requirement is expected to continue. There can be no assurance that government policy or practice will remain the same or that public funding will continue at the same levels or on the same terms.

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

- The lagged student number formula means that managing our student numbers is important. There is some uncertainty in this regard as we try to manage our oversubscription.
- The continued pressure on public finances with pre-school and post 16 being the only parts of the education budget that are not ring fenced. This means any future savings are likely to come from these areas.
- The continued political pressure to create more academies and free schools.
- The A level now being linear could affect funding such as retention and achievement.
- The devolution of the adult education budget. The College, in conjunction with its key stakeholders, is developing a strategy in response to the devolution agenda.
- The funding of adult courses which is relying on the student to fund more of the course costs.
- Further changes to pension employer contributions of both TP and GMPF which are not covered by Government grants.
- Inflationary pressure on the college's costs especially staffing costs and utilities.

The risk is mitigated in a number of ways:

- By ensuring the College is rigorous in delivering high quality education and training.
- By managing the programs of study.
- By placing considerable focus and investment on maintaining and managing key relationships with various funding bodies.
- By ensuring the College is focused on those priority sectors which will continue to benefit from public funding.
- Colleges move into the public sector may mean that we get more financial support in line with schools.
- By having regular dialogue with the local ESFA/GMCA/Local Authorities.

2. Maintain adequate funding of pension liabilities

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

3. Failure to maintain the financial viability of the College

The College's current financial health grade is classified as "Outstanding" as described above. This is largely the consequence of prudent budgeting and the continued close control of costs and adjustments made to staffing to reflect curriculum need. Despite recent increases in funding, our cost base is also increasing and inflationary pressures quickly absorb the additional income. This risk is mitigated in a number of ways:

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

AQUINAS COLLEGE

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OPERATING AND FINANCIAL REVIEW /Continued...

Streamlined Energy and Carbon Reporting

The college is committed to reducing its carbon emissions and has taken the following measures in the year to improve energy efficiency:

- Installing LED lighting throughout the building
- Installed dynamic boiler controls which save gas usage
- Updated the Building and environmental management system to enable us to manage our heating, air conditioning and ventilation systems more effectively to reduce energy usage

The college's greenhouse gas emissions and energy use for the period are set out below:

UK Greenhouse gas emissions and energy use data for the period	1 August 2022 to 31 July 2023	1 August 2021 to 31 July 2022
Energy consumption used to calculate emissions (kWh)	2,189,585	2,423,171
<u>Scope 1 emissions in metric tonnes CO2e</u>		
Gas consumption	217,393	255,450
Owned transport	6,363	6,296
Total	223,756	260,746
<u>Scope 2 emissions in metric tonnes CO2e</u>		
Purchased electricity	206,822	220,339
<u>Scope 3 emissions in metric tonnes CO2e</u>		
Business travel in employee owned vehicles	Negligible	Negligible
Total gross emissions in metric tonnes CO2e	430,578	482,085
<u>Intensity ratio</u>		
Metric tonnes CO2e per student	0.1798	0.1996

Qualification and reporting methodology

We have followed the 2019 HM Government Environmental Reporting Guidelines. We have also used the GHG Reporting Protocol – Corporate Standard and have used the 2021 UK Government's Conversion Factors for Company Reporting.

Intensity ratio

The chosen intensity measurement ratio is tonnes of CO2e per student.

STAKEHOLDER RELATIONSHIPS

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

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

AQUINAS COLLEGE

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OPERATING AND FINANCIAL REVIEW /Continued...

Stakeholder Relationships/Continued...

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

Taxation

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

Employment Policy

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

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

Equal Opportunities and Employment of Disabled Persons

The College is concerned to encourage staff to improve qualifications and support staff have been offered day release and their fees have been paid by the College. Teaching staff have five in service training days in each year. Staff are provided with briefings weekly. These are meetings at which matters of immediacy are discussed. Contributions come from anyone – they are not restricted to management announcements. Notes are written up and published. More formal meetings are staff meetings and curriculum leader's meetings. In addition, there are small groups dealing with pastoral, quality and curriculum. The senior leadership team meets weekly.

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

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

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

Disability Statement

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

- The new College buildings are fully DDA compliant;
- There is a list of specialist equipment, which the College can make available for use by students;
- The admissions policy for all students is described in the College prospectus. Appeals against a decision not to offer a place are dealt with under the complaints policy;

AQUINAS COLLEGE

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OPERATING AND FINANCIAL REVIEW /Continued...

Disability Statement/ Continued...

- The College has made a significant investment in the appointment of specialist teachers to support students with learning difficulties and/or disabilities. There are a number of learning support assistants who can provide a variety of support for learning. There is a continuing programme of staff development to ensure the provision of a high level of appropriate support for students who have learning difficulties and/or disabilities;
- Specialist programmes are described in programme information guides, and achievements and destination are recorded and published in the standard College format; and
- Counselling and welfare services are described on the student intranet.

Trade union facility time

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

Numbers of employees who were relevant union official during the period	FTE employee number
3	3

Percentage of time	Number of employees
0%	0
1-50%	3
51-99%	0
100%	0

Total cost of facility time	£6k
Total pay bill	£7,204k
Percentage of total bill spent on facility time	0.08%
Time spent on paid trade union activities as a percentage of total paid facility time	N/A

The report of the members of the Governing Body was approved by the members on 28 November 2023 and signed on its behalf by:

DocuSigned by:

16BFCC5B9E5F417.....
 T P McGee

Chairperson

AQUINAS COLLEGE

Report and Financial Statements – Year ended 31 July 2023

STATEMENT OF CORPORATE GOVERNANCE AND INTERNAL CONTROL

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

The College endeavours to conduct its business:

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

The College is committed to exhibiting best practice in all aspects of corporate governance. We have not formally adopted the UK Corporate Governance Code as Catholic institutions were advised that some aspects of the Code conflicted with the Diocesan Trust Deed. However, we have reported on our Corporate Governance arrangements by drawing upon best practice available, including those aspects of the UK Corporate Governance Code we consider to be relevant to the further education sector and best practice. In the opinion of the Governors, the College complies with all the provisions of the Code, and it has complied throughout the year ended 31 July 2023. The Governing Body recognises that, as a body entrusted with both public and private funds, it has a particular duty to observe the highest standards of corporate governance at all times.

The Governing Body

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

Table 1: Governors serving on the College Board during 2022/23					
Name	Date of Appointment/ Re-appointment	Term of Office	Status of Appointment	Committees Served	Attendance
T P McGee	01/09/20	4 years	Foundation	Chair Governing Body, Resources, General Purposes and Employment	4 / 4
L J Byrne	01/09/20	4 years	Foundation	Remuneration and Vice Chair General Purposes and Employment	4 / 4
M Braithwaite	19/10/20	4 years	Foundation	Chair Resources, Vice Chair Remuneration, Teaching and Learning	4 / 4
D Pearson	01/06/11	Term of office	Principal	Teaching and Learning, Resources	4 / 4
C H Dove	01/09/20	4 years	Foundation	Chair Remuneration, Audit	4 / 4
A Martin	01/01/20 to 31/08/23	4 years	Foundation	Chair Audit Teaching and Learning	3 / 4

AQUINAS COLLEGE
Report and Financial Statements – Year ended 31 July 2023

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

Table 1: Governors serving on the College Board during 2022/23 Continued.....

Name	Date of Appointment/ Re-appointment	Term of Office	Status of Appointment	Committees Served	Attendance
B Hickey	08/12/20 to 31/08/24	As stated	Foundation	Resources, Teaching and Learning	3 / 4
Mr M Taylor	11/12/22	4 years	Foundation	Vice Chair Teaching and Learning, General Purposes & Employment	4 / 4
G Hynes	01/09/19	4 years	Foundation	General Purposes & Employment, Teaching and Learning	4 / 4
Dr A Smith	01/09/22	4 years	Foundation Governors	Chair Teaching and Learning, General Purposes & Employment	4 / 4
J Miller	01/09/19	4 Years	Foundation	Vice Chair Governing Body, Vice Chair Audit General Purposes and Employment	2 / 4
P Horton	01/09/20	4 years	Foundation	Chair General Purposes and Employment, Vice Chair Resources, Remuneration	4 / 4
Mrs C Knights	18/10/21 to 31/08/23	3 years	Parent Governor	General Purposes & Employment	2 / 4
R Harris	11/10/21 to 31/08/25	As stated	Staff Governor	Teaching and Learning	2 / 4
Mr C Green	11/10/21 to 31/08/25	As stated	Staff Governor	Resources	4 / 4
Dr P C Beatty	01/09/21	4 years	Co-opted Governor	Teaching and Learning, General Purposes, Employment	3 / 4
Mr M Quinney	01/02/22-31/01/23	1 year	Student Member	Resources, Teaching and Learning. General Purposes	0 / 1
Miss T Prempeh	01/02/22-31/01/23	1 Year	Student Member	Resources, Teaching and Learning. General Purposes	0 / 1
Mr I Ishaq	01/02/23 to 31/01/24	1 year	Student Member	Resources, Teaching and Learning. General Purposes	2 / 3
Mr M Matthew	01/02/23 to 31/01/24	1 year	Student Member	Resources, Teaching and Learning. General Purposes	3 / 3
A Anwar	29/06/22 to 31/12/25	Not member of governing body/independent – Audit			3/3
M Garratt	01/01/22 to 31/12/25	Not member of governing body/independent - Audit			2/3

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

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

AQUINAS COLLEGE

Report and Financial Statements – Year ended 31 July 2023

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

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

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

Aquinas College
Nangreave Road
Stockport, SK2 6TH

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

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

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

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

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

During 2022/23 all meetings were held in-person. Attendance was very good and ancillary meetings such as Governor training also took place in college.

Appointments to the Governing Body

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

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

Governing Body performance

The Governing Body has undertaken a self-assessment review and evaluation of performance for the year ended 31 July 2023. They have undertaken a review on Effective Governance and self-assessed their performance for the year. Outcomes were extremely positive with an action plan being compiled for any areas identified for improvement. The college's internal auditors undertook an audit of Corporate Governance in 2022/23 and the overall conclusion was "strong", the most positive result. Outcomes of the self-assessment review were documented in the meeting of the 28th November 2023. An external review of Governance is planned for 2023/24.

AQUINAS COLLEGE

Report and Financial Statements – Year ended 31 July 2023

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

Governing Body performance/Continued...

The Chair and Clerk of Governors have attended a series of Governance webinars given by the Sixth Form College Association. Annually the Governing Body hold a training event which covers significant areas of college activity and any emerging issues.

The governing body has considered DfE guidance on board reviews and has plans to commission an external reviewer in future but did not carry out a formal external review in 2022/23 other than the internal audit on Corporate Governance.

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

Remuneration Committee

Throughout the year ended 31 July 2023, the College's remuneration committee comprised a Chairman and three other members of the Governing Body. The committee's responsibilities are to make recommendations to the Board on the remuneration and benefits of the Principal and other key management personnel.

Details of remuneration for the year ended 31 July 2023 are set out in Note 6 to the financial statements.

Audit Committee

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

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

Attendance was as follows:

Name	Attendance %
Mr A Martin	100%
Mrs J Miller	67%
Mrs H C Dove	100%
Mr A Anwar	100%
Ms M Garratt	67%

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

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

Internal Control

Reclassification

Since colleges were classified to the central government sector with effect from 29 November 2022, the Governing Body have overseen the process whereby policies, procedures and approval processes were updated to ensure compliance with the new requirements following reclassification. These revised documents identify where DfE approval is now required for pertinent transactions.

AQUINAS COLLEGE
Report and Financial Statements – Year ended 31 July 2023

STATEMENT OF CORPORATE GOVERNANCE AND INTERNAL CONTROL /Continued...**Scope of responsibility**

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

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

The Purpose of the System of Internal Control

The system of internal control is designed to manage risk to a reasonable level rather than to eliminate all risk of failure to achieve policies, aims and objectives; it can therefore only provide reasonable and not absolute assurance of effectiveness. The system of internal control is based on an on-going process designed to identify and prioritise the risks to the achievement of College policies, aims and objectives, to evaluate the likelihood of those risks being realised and the impact should they be realised, and to manage them efficiently, effectively and economically. The system of internal control has been in place in Aquinas College for the year ended 31 July 2023 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 on-going process for identifying, evaluating and managing the College's significant risks that has been in place for the period ending 31 July 2023 and up to the date of approval of the annual report and accounts. This process is regularly reviewed by the Governing Body.

The Risk and Control Framework

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

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

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

AQUINAS COLLEGE

Report and Financial Statements – Year ended 31 July 2023

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

Risks faced by the Governing Body

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

Control weaknesses identified

The College undertakes a full program of internal audit to produce an annual opinion. The system of internal control has not significantly changed during the year and we have never had any significant control weaknesses raised by either internal or external auditors. The audit committee has obtained comfort over the control environment through a combination of the following:

- ensuring previous control weaknesses identified by internal audit have been addressed in a timely manner
- ensuring control weaknesses identified by management have been acted upon in a timely basis
- ensuring the control environment and underlying processes have remained consistent and stable
- obtaining comfort from the external audit performed and their findings
- reviewing the control findings from other assurance processes employed within the College
- obtaining up to date overviews of all the controls in place around the finance function

Responsibilities under Funding Agreements

Members of the corporation are responsible for ensuring that expenditure and income are applied for the purposes intended and that the financial transactions conform to the authorities that govern them. In addition, they are responsible for ensuring that funds from ESFA, and any other public funds, are used only in accordance with ESFA's grant funding agreements and contracts and any other conditions, that may be prescribed from time to time by ESFA, or any other public funder, including that any transactions entered into by the corporation are within the delegated authorities set out in the "Dear accounting officer" letter of 29 November 2022 and ESFA's bite size guides. Members of the corporation must ensure that there are appropriate financial and management controls in place to safeguard public and other funds and ensure they are used properly. In addition, members of the corporation are responsible for securing economic, efficient and effective management of the corporation's resources and expenditure so that the benefits that should be derived from the application of public funds from ESFA and other public bodies are not put at risk.

The Governing Body has met its contractual obligations under its funding agreements with the ESFA through its work in its sub-committees, reports from management and reliance on the work of internal and external auditors.

Statement from the audit committee

The audit committee has advised the governors that the Governing Body has an effective framework for governance and risk management in place. The audit committee believes the Governing Body has effective internal controls in place.

The specific areas of work undertaken by the audit committee this year are:

- the review of the findings of internal audit reports on Corporate Governance, Safeguarding, Learner numbers and Overall financial controls
- Annual review of the internal and external audit provision
- Termly review of risk management and mitigations

Review of Effectiveness

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

- The work of the internal auditors

AQUINAS COLLEGE

Report and Financial Statements – Year ended 31 July 2023

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

Review of Effectiveness/Continued....

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

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

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 28th November 2023 meeting, the Governing Body carried out the annual assessment for the year ended 31 July 2023 by considering documentation from the senior management team and internal audit, and taking account of events since 31 July 2023.

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

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

Going Concern

The College has undertaken a thorough review in producing the 2 year plan. The College continues to enjoy a strong reputation for supporting students and achieving excellent results. This in turn means that the College is heavily oversubscribed for places so whilst not complacent we feel that student numbers are robust. The plan is predicated on a small growth of 40 students each year. For the last number of years, the College has delivered good surpluses and a healthy positive cash flow. We now hold a good cash balance and have flexibility to reduce our debts should we choose to do so.

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

The regular review of the bank covenants has been undertaken and all results are comfortably within the covenants set. These have been shared with the bank who are comfortable with the information.

The recent increases in funding has meant that the College has delivered a significant surplus and therefore cash balances continue to improve. Our student numbers have fallen slightly for 2023/24 but we continue to predict positive cash inflow for the year. We have reflected the Government's desire to deliver 40 more hours in each study programme so are confident that we will achieve that objective and secure the higher rate of funding.

The initial budget surplus set for 2023/24 shows a reasonable surplus and is based on prudent budgeting with more contingency within it than has been possible in prior years. Since that budget was set, we have increased the bank interest for the year, received information about further funding to cover the increased pay awards for the year and have had early indications that we will exceed the budgeted high needs income. There is still some residual uncertainty with regard to pay awards and utility costs for the coming year.

AQUINAS COLLEGE
Report and Financial Statements – Year ended 31 July 2023

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

Going Concern/Continued....

We should therefore produce a cash positive outcome in 2023/24 to add to the already healthy cash balances held.


The reclassification into the public sector is still not fully defined and some changes may occur but it is hoped that by working with the DfE, the sector can mitigate any of potentially negative impact.

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


Disclosure of information to auditors

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

Signed on behalf of the Governing Body:

DocuSigned by:

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Chair: T P McGee

Date: 28 November 2023

DocuSigned by:

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Principal: D Pearson (Accounting Officer)

Date: 28 November 2023

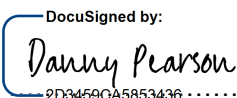
AQUINAS COLLEGE
Report and Financial Statements – Year ended 31 July 2023

STATEMENT OF REGULARITY, PROPRIETY AND COMPLIANCE

As accounting officer, I confirm that the governing body has had due regard to the framework of authorities governing regularity, propriety and compliance, and the requirements of grant funding agreements and contracts with ESFA, and has considered its responsibility to notify ESFA of material irregularity, impropriety and non-compliance with those authorities and terms and conditions of funding.

I confirm on behalf of the governing body that after due enquiry, and to the best of my knowledge, I am able to identify any material irregular or improper use of funds by the governing body, or material non-compliance with the framework of authorities and the terms and conditions of funding under the governing body's grant funding agreements and contracts with ESFA, or any other public funder. This includes the elements outlined in the "Dear accounting officer" letter of 29 November 2022 and ESFA's bite size guides.

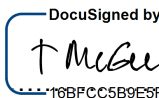
I confirm that no instances of material irregularity, impropriety, funding noncompliance, or non-compliance with the framework of authorities have been discovered to date. If any instances are identified after the date of this statement, these will be notified to ESFA.

DocuSigned by:

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Principal: D Pearson (Accounting Officer)

Date: 28 November 2023

Statement of the chair of governors

On behalf of the governing body, I confirm that the accounting officer has discussed their statement of regularity, propriety and compliance with the board and that I am content that it is materially accurate.

DocuSigned by:

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Chair of governors: Tom McGee

Date: 28 November 2023

AQUINAS COLLEGE

Report and Financial Statements – Year ended 31 July 2023

STATEMENT OF RESPONSIBILITIES OF THE MEMBERS OF THE GOVERNING BODY

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

Within the terms and conditions of the College's grant funding agreements and contracts with ESFA, the Governing Body – through its accounting officer – is required to prepare financial statements and an operating and financial review for each financial year in accordance with the 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 UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements
- assess whether the governing body is a going concern, noting the key supporting assumptions qualifications or mitigating actions as appropriate
- prepare financial statements on the going concern basis, unless it is inappropriate to assume that the College will continue in operation.


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

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

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

Members of the governing body are responsible for ensuring that expenditure and income are applied for the purposes intended and that the financial transactions conform to the authorities that govern them. In addition, they are responsible for ensuring that funds from ESFA, and any other public funds, are used only in accordance with ESFA's grant funding agreements and contracts and any other conditions, that may be prescribed from time to time by ESFA, or any other public funder, including that any transactions entered into by the governing body are within the delegated authorities set out in the "Dear accounting officer" letter of 29 November 2022 and ESFA's bite size guides. Members of the governing body must ensure that there are appropriate financial and management controls in place to safeguard public and other funds and ensure they are used properly. In addition, members of the governing body are responsible for securing economic, efficient and effective management of the governing body's resources and expenditure so that the benefits that should be derived from the application of public funds from ESFA and other public bodies are not put at risk.

Approved by order of the Governing Body on 28 November 2023 and signed on its behalf by:

DocuSigned by:

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 Chair: T P McGee

Date: 28 November 2023

AQUINAS COLLEGE
Report and Financial Statements – Year ended 31 July 2023

INDEPENDENT AUDITOR'S REPORT TO THE GOVERNING BODY OF AQUINAS COLLEGE**Opinion**

We have audited the financial statements of Aquinas College (the 'College') for the year ended 31 July 2023 which comprise the Statement of Comprehensive Income and Expenditure, the Statement of Changes in Reserves, the Balance Sheet, the Cash Flow Statement and notes to the financial statements, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland" (United Kingdom Generally Accepted Accounting Practice) and the Accounts Direction 2022 to 2023 issued by the Education and Skills Funding Agency (ESFA).

In our opinion, the financial statements:

- give a true and fair view of the state of the College's affairs as at 31 July 2023 and of 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 Statement of Recommended Practice; Accounting for Further and Higher Education (the 2019 FE HE SORP) and the Accounts Direction 2022 to 2023 issued by the ESFA.

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 Governing Body'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 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 Governing Body with respect to going concern are described in the relevant sections of this report.

Other information

The members of the Governing Body are responsible for the other information. The other information comprises the information included in the annual report, other than the financial statements and our Independent 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, 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.

AQUINAS COLLEGE
Report and Financial Statements – Year ended 31 July 2023

INDEPENDENT AUDITOR'S REPORT TO THE GOVERNING BODY OF AQUINAS COLLEGE
/Continued...**Matters on which we are required to report by exception**

In the light of the knowledge and understanding of the College and its environment obtained in the course of the audit, we have not identified material misstatements in the Report of the Governing Body.

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

- proper accounting records have not been kept;
- the financial statements are not in agreement with the accounting records and returns; or
- all of the information and explanations required for the audit were not received.

Responsibilities of the Governing Body

As explained more fully in the Statement of Responsibilities of the Members of the Governing Body set out on page 22, the Governing Body is responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the Governing Body determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the Governing Body is responsible for assessing the College's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Governing Body either intends to liquidate the College or to cease operations, or has 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 Independent Auditor's Report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

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. The extent to which our procedures are capable of detecting irregularities, including fraud is detailed below:

The audit procedures designed to identify irregularities included:

- enquiry of management and those charged with governance around actual and potential litigation and claims
- enquiry of College staff with responsibilities for compliance matters to identify any instances of non-compliance with laws and regulations
- reviewing financial statement disclosures and testing to supporting documentation to assess compliance with applicable laws and regulations
- Auditing the risk of management override of controls, including through testing journal entries and other adjustments for appropriateness, and evaluating the business rationale of significant transactions outside the normal course of business.

AQUINAS COLLEGE
Report and Financial Statements – Year ended 31 July 2023


INDEPENDENT AUDITOR'S REPORT TO THE GOVERNING BODY OF AQUINAS COLLEGE
/Continued...

There are inherent limitations in the audit procedures described above and, the further removed non-compliance with laws and regulations is from the events and transactions reflected in the financial statements, the less likely we would become aware of it. Also, the risk of not detecting a material misstatement due to fraud is higher than the risk of not detecting one resulting from error, as fraud may involve deliberate concealment by, for example, forgery, intentional misrepresentations or through collusion.

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 Independent Auditor's Report.

Use of our report

This report is made solely to the Governing Body, as a body, in accordance with Article 22 of the College's Articles of Government. Our audit work has been undertaken so that we might state to the Governing Body, as a body, those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the College and the Governing Body, as a body, for our audit work, for this report, or for the opinions we have formed.

DocuSigned by:

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Murray Smith LLP
Chartered Accountants and Statutory Auditor
Darland House
44 Winnington Hill
Northwich
Cheshire
CW8 1AU

Date: 28 November 2023

AQUINAS COLLEGE
Report and Financial Statements – Year ended 31 July 2023

REPORTING ACCOUNTANT’S ASSURANCE REPORT ON REGULARITY

To: The Governing Body of Aquinas College and Secretary of State for Education acting through the Education and Skills Funding Agency (ESFA)

In accordance with the terms of our engagement letter dated 1 June 2021 and further to the requirements and conditions of funding in 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 Aquinas College during the period 1 August 2022 to 31 July 2023 have not been applied to the purposes identified by Parliament and the financial transactions do not conform to the authorities which govern them.

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

This report is made solely to the Governing Body of Aquinas College and ESFA in accordance with the terms of our engagement letter. Our work has been undertaken so that we might state to the Governing Body of Aquinas College and the ESFA those matters we are required to state in a report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Governing Body of Aquinas College and the ESFA for our work, for this report, or for the conclusion we have formed.

Respective responsibilities of Aquinas College and the reporting accountant

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

Our responsibilities for this engagement are established in the United Kingdom by our profession’s ethical guidance and are to obtain limited assurance and report in accordance with our engagement letter and the requirements of the Code. We report to you whether anything has come to our attention in carrying out our work which suggests that in all material respects, expenditure disbursed and income received during the period 1 August 2022 to 31 July 2023 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 College’s income and expenditure.

AQUINAS COLLEGE
Report and Financial Statements – Year ended 31 July 2023

REPORTING ACCOUNTANT'S ASSURANCE REPORT ON REGULARITY /Continued...

The work undertaken to draw to our conclusion includes:

- review of evidence supporting the College's Regularity Self-Assessment; and
- review of the College's expenditure during the year

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 2022 to 31 July 2023 has not been applied to purposes intended by Parliament and the financial transactions do not conform to the authorities which govern them.

DocuSigned by:

746A2245B30B444...
Murray Smith LLP
Chartered Accountants
Statutory Auditors
Darland House
44 Winnington Hill
Northwich
CW8 1AU

Date: 28 November 2023

AQUINAS COLLEGE
Report and Financial Statements – Year ended 31 July 2023

STATEMENT OF COMPREHENSIVE INCOME AND EXPENDITURE
for the year ended 31 July 2023

	Note	2023 £'000	2022 £'000
Income			
Funding body grants	2	13,344	11,951
Tuition fees and education contracts	3	175	183
Other income	4	1,419	1,062
Investment income	5	84	2
Total income		15,022	13,198
Expenditure			
Staff costs	6	10,073	9,926
Other operating expenses	7	2,916	2,121
Depreciation	10	879	855
Interest and other finance costs	8	96	174
Total expenditure		13,964	13,076
Surplus before other gains and losses		1,058	122
Surplus for the year		1,058	122
Actuarial gain/(loss) in respect of pensions	21	1,893	6,186
Unrestricted comprehensive income		2,951	6,308

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

AQUINAS COLLEGE
Report and Financial Statements – Year ended 31 July 2023

COLLEGE STATEMENT OF CHANGES IN RESERVES
for the year ended 31 July 2023

	Note	Income and Expenditure account	Revaluation reserve	Total
		£'000	£'000	£'000
Balance at 31 July 2021		2,551	838	3,389
Surplus from statement of comprehensive income and expenditure		122	-	122
Other comprehensive income and expenditure		6,186	-	6,186
Total comprehensive income for the year		6,308	-	6,308
Balance at 31 July 2022		8,859	838	9,697
Surplus from statement of comprehensive income and expenditure		1,058	-	1,058
Other comprehensive income and expenditure		1,893	-	1,893
Total comprehensive income for the year		2,951	-	2,951
Balance at 31 July 2023		11,810	838	12,648

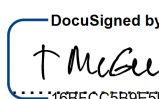
AQUINAS COLLEGE
Report and Financial Statements – Year ended 31 July 2023

BALANCE SHEET
as at 31 July 2023

	Note	2023 £'000	2022 £'000
Non-current assets			
Tangible fixed assets	10	33,094	33,493
Current assets			
Trade and other receivables	11	113	192
Current Investments	12	1,750	-
Cash and cash equivalents	19	8,569	8,908
		10,432	9,100
Creditors: amounts falling due within one year	13	(3,063)	(2,609)
Net current assets		7,369	6,491
Total assets less current liabilities		40,463	39,984
Creditors: amounts falling due after more than one year	14	(30,342)	(31,101)
Provisions: Defined benefit asset/(obligations)	15	2,527	814
TOTAL NET ASSETS		12,648	9,697
Unrestricted Reserves			
Revaluation reserve	16	838	838
Income and expenditure account	16	11,810	8,859
TOTAL RESERVES		12,648	9,697

The financial statements on pages 28 to 52 were approved and authorised for issue by the governing body on 28 November 2023 and were signed on its behalf by:-

T P McGee
Chairperson

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D Pearson
Principal (Accounting Officer)

DocuSigned by:

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AQUINAS COLLEGE
Report and Financial Statements – Year ended 31 July 2023

STATEMENT OF CASH FLOWS

	Notes	2023 £'000	2022 £'000
Cash flow from operating activities			
Surplus/(Deficit) for the year		1,058	122
Adjustment for non-cash items			
Depreciation and loss on disposal		879	855
Decrease/(increase) in debtors		79	(82)
Increase/(decrease) in creditors due within one year		478	209
Loss on disposal of fixed assets		-	1
Release of deferred government capital grant		(646)	(650)
Pensions costs less contributions payable		180	725
		<u>2,028</u>	<u>1,180</u>
Adjustment for investing or financing activities			
Investment income		(84)	(2)
Interest payable		121	94
Capital grant receipt		64	-
		<u>101</u>	<u>92</u>
Net cash flow from operating activities		<u>2,129</u>	<u>1,272</u>
Cash flows from investing activities			
Investment income		84	2
Increase in deposits held at bank		(1,750)	-
Payments made to acquire fixed assets		(480)	(340)
		<u>(2,146)</u>	<u>(338)</u>
Cash flows from financing activities			
Interest paid		(121)	(94)
Repayments of amounts borrowed		(201)	(195)
		<u>(322)</u>	<u>(289)</u>
Decrease in cash and cash equivalents in the year		<u>(339)</u>	<u>645</u>
Cash and cash equivalents at beginning of the year	19	8,908	8,263
Cash and cash equivalents at end of the year	19	8,569	8,908

AQUINAS COLLEGE
Report and Financial Statements – Year ended 31 July 2023

NOTES TO THE FINANCIAL STATEMENTS**1. ACCOUNTING POLICIES****Statement of accounting policies**

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

Basis of preparation

These financial statements have been prepared in accordance with the Statement of Recommended Practice: Accounting for Further and Higher Education 2019 (the 2019 FE HE SORP), the College Accounts Direction for 2022 to 2023 and in accordance with Financial Reporting Standard 102 – “The Financial Reporting Standard applicable in the United Kingdom and Republic of Ireland” (FRS 102). The College is a public benefit entity and has therefore applied the relevant public benefit requirements of FRS 102.

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

Basis of accounting

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

Going concern

The activities of the College, together with the factors likely to affect its future development and performance are set out in the Strategic 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 £2.296m of loans outstanding with bankers on terms negotiated in 2008. The terms of the existing agreement are for up to another 9 years. Around £0.95m of these loans may be repaid without penalty before the end of the term. Due to the increase in the base rate, the fixed term loan also has a negligible penalty payment amount of around £7k. The College's forecasts and financial projections indicate that it will be able to operate within this existing facility and covenants for the foreseeable future.

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

Recognition of income

Government revenue grants include funding body recurrent grants and other grants and are accounted for under the 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. Any under or over achievement for the Adult Education Budget is adjusted for and reflected in the level of recurrent grant recognised in the statement of comprehensive income and expenditure. The final grant income is normally determined with the conclusion of the year end reconciliation process with the funding body following the year end and the results of any funding audits. 16-18 funding is not subject to reconciliation and is therefore not subject to contract adjustments.

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

AQUINAS COLLEGE
Report and Financial Statements – Year ended 31 July 2023

NOTES TO THE FINANCIAL STATEMENTS /Continued...**1. ACCOUNTING POLICIES /Continued...****Capital grant funding**

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, non-governmental, capital grants are recognised in income when the College is entitled to the funds subject to any performance related conditions being met.

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

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

Fee income

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

Investment income

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

Accounting for post-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.

Teachers' Pension scheme (TPS)

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

Greater Manchester Pension Fund (LGPS)

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

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

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

AQUINAS COLLEGE
Report and Financial Statements – Year ended 31 July 2023

NOTES TO THE FINANCIAL STATEMENTS /Continued ...**1. ACCOUNTING POLICIES /Continued ...****Short term Employment benefits**

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

Tangible fixed assets

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

Where parts of a fixed asset have different useful lives, they are accounted for as separate items of fixed assets.

a. Land and buildings

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

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

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

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

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

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

AQUINAS COLLEGE
Report and Financial Statements – Year ended 31 July 2023

NOTES TO THE FINANCIAL STATEMENTS /Continued ...

1. ACCOUNTING POLICIES /Continued ...

Subsequent expenditure on existing fixed assets

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

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

b. Equipment

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

Fixtures and fittings	10% straight line
Motor vehicles and other assets	20% straight line
Computer and other equipment	25% straight line

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

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

Leased assets

Costs in respect of operating leases are charged on a straight-line basis over the lease term to the Statement of Comprehensive Income and Expenditure.

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

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

Maintenance of premises

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

AQUINAS COLLEGE
Report and Financial Statements – Year ended 31 July 2023

NOTES TO THE FINANCIAL STATEMENTS /Continued ...**1. ACCOUNTING POLICIES /Continued ...****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 certain discretionary support funds and any other arrangements. Related payments received from the funding bodies and subsequent disbursements to students are excluded from the income and expenditure of the college where the college is exposed to minimal risk or enjoys minimal economic benefit related to the transaction.

Taxation

The College is considered to pass the tests set out in Paragraph 1 Schedule 6 Finance Act 2010 and therefore it meets the definition of a charitable company for UK governing body tax purposes. Accordingly, the College is potentially exempt from taxation in respect of income or capital gains received within categories covered by sections 478-488 of the Governing body Tax Act 2010 or Section 256 of the Taxation of Chargeable Gains Act 1992, to the extent that such income or gains are applied exclusively to charitable purposes.

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

Cash and cash equivalents

Cash includes cash in hand, deposits repayable on demand and overdrafts. Deposits are repayable on demand if they are in practice available within 24 hours without penalty. Cash equivalents are short term, highly liquid investments that are readily convertible to known amounts of cash with insignificant risk of change in value. An investment qualifies as a cash equivalent when it has maturity of 3 months or less from the date of acquisition.

Financial liabilities and equity

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

AQUINAS COLLEGE

Report and Financial Statements – Year ended 31 July 2023

NOTES TO THE FINANCIAL STATEMENTS /Continued ...

1. ACCOUNTING POLICIES /Continued ...

Financial liabilities and equity

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

Judgements in applying accounting policies and key sources of estimation uncertainty

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

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

Other key sources of estimation uncertainty

- *Tangible fixed assets*
Tangible fixed assets are depreciated over their useful lives taking into account residual values, where appropriate. The actual lives of the assets and residual values are assessed annually and may vary depending on a number of factors. In re-assessing asset lives, factors such as technological innovation and maintenance programmes are taken into account. Residual value assessments consider issues such as future market conditions, the remaining life of the asset and projected disposal values.
- *Local Government Pension Scheme*
The present value of the Local Government Pension Scheme defined benefit asset 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 21, will impact the carrying amount of the pension asset. Furthermore, a roll forward approach which projects results from the latest full actuarial valuation performed at 31 March 2022 has been used by the actuary in valuing the pensions assets and liability at 31 July 2023. 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 asset or liability. The College has recognised the pension asset calculated by the actuaries on the basis that this will impact the level of contributions in the future.
- *Capitalisation of land and buildings*
The College operates from a site comprising two buildings, the main college building and the sports hall. Each of these buildings are owed by the Diocese of Shrewsbury for the benefit of the college. They were paid for by a combination of funding council grant support, bank loans and college resources. The main building received 93% government funding support. As the buildings were completed the costs were capitalised and the grant received was included in the balance sheet. As these buildings age, they are depreciated and the appropriate portion of the grant released. If the Diocese were to change the use of the building, the grant amount would be repayable and the site handed back to the funding bodies to realise any proceeds. As a consequence of this it is felt that the most appropriate treatment is to include the buildings as fixed assets and depreciate them over their useful life.

AQUINAS COLLEGE
Report and Financial Statements – Year ended 31 July 2023

NOTES TO THE FINANCIAL STATEMENTS /Continued...

2. FUNDING BODY GRANTS

	2023	2022
	£'000	£'000
Recurrent grants		
Education and Skills Funding Agency – 16 -18	12,069	10,738
GMCA devolved adult income grant	49	72
Specific grants		
Teacher's pension grant	440	357
Releases of government capital grants (Note 13 and 14)	646	650
Devolved capital grant	56	58
GMCA Covid capital grant	-	11
ESFA Tuition Fund	84	57
Covid Testing Support	-	8
	<u>13,344</u>	<u>11,951</u>

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

3. TUITION FEES AND EDUCATION CONTRACTS

	2023	2022
	£'000	£'000
Tuition fees	127	128
Franchised PGCE with University of Bolton	48	55
	<u>175</u>	<u>183</u>

4. OTHER INCOME

	2023	2022
	£'000	£'000
Element 3 High needs income from Local Authorities	518	376
Catering and residence operations	494	374
Other income generating activities	407	312
	<u>1,419</u>	<u>1,062</u>

5. INVESTMENT INCOME

	2023	2022
	£'000	£'000
Other interest receivable	84	2

AQUINAS COLLEGE
Report and Financial Statements – Year ended 31 July 2023

NOTES TO THE FINANCIAL STATEMENTS /Continued...

6. STAFF COSTS

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

	2023	2022
	Number	Number
Teaching staff	171	163
Non-teaching staff	116	111
	<u>287</u>	<u>274</u>

Staff costs for the above persons:

	2023	2023
	£'000	£'000
Wages and salaries	7,533	7,119
Social security costs	736	682
Other pension costs (incl. FRS102(28) adjustments of £205k/£645k)	1,804	2,125
Payroll sub total	<u>10,073</u>	<u>9,926</u>
Severance costs (non-contractual)	-	-
Total staff costs	<u>10,073</u>	<u>9,926</u>

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

Employment costs for staff on permanent contracts	9,826	9,632
Employment costs for staff on temporary contracts	247	294
	<u>10,073</u>	<u>9,926</u>

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

	Year ended 31 July 2023		Year ended 31 July 2022	
	Number key management personnel	Number other staff	Number key management personnel	Number other staff
£60,001 to £65,000 p.a.	-	-	1	-
£65,001 to £70,000 p.a.	1	-	1	-
£70,001 to £75,000 p.a.	1	-	1	-
£75,001 to £80,000 p.a.	1	-	-	-
£115,001 to £120,000 p.a.	-	-	1	-
£125,001 to £130,000 p.a.	1	-	-	-
	<u>4</u>	<u>-</u>	<u>4</u>	<u>-</u>

AQUINAS COLLEGE
Report and Financial Statements – Year ended 31 July 2023

NOTES TO THE FINANCIAL STATEMENTS /Continued...

6. STAFF COSTS /Continued...

There was a 5% pay award in September 22. The Principal and Vice Principal received a pay award of 5%. The Vice Principal received an additional amount of £2k following a benchmarking exercise of similar roles within the sector. This was approved by the Governing Body.

KEY MANAGEMENT PERSONNEL

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

Staff costs include compensation paid to key management personnel for loss of office of £nil (2022 £nil).

	2023	2022
	Number	Number
Number of key management personnel including the principal was:	4	4
	<u> </u>	<u> </u>
Key Management personnel emoluments are made up as follows:	£	£
Salaries	343,364	324,594
Pension contributions	77,568	74,123
	<u> </u>	<u> </u>
Total emoluments	420,932	398,717
	<u> </u>	<u> </u>

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

	2023	2022
	£	£
Salary	125,170	119,465
Pension contributions	29,085	28,290
	<u> </u>	<u> </u>
Total emoluments	154,255	147,755
	<u> </u>	<u> </u>

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

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

AQUINAS COLLEGE
Report and Financial Statements – Year ended 31 July 2023

NOTES TO THE FINANCIAL STATEMENTS /Continued...

6. STAFF COSTS /Continued...

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

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

Relationship of Principal pay and remuneration expressed as a multiple

	2023 £'000	2022 £'000
Principal's basic salary as a multiple of the median of all staff	3.81	3.82
Principal's total remuneration as a multiple of the median of all staff	3.81	3.82

Compensation for loss of office paid to former key management personnel

No compensation payments were made to former key management personnel for the period of this report.

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

Senior post-holders, the Principal and Vice Principal, have always been paid in line with decisions taken by the Remuneration Committee. The remuneration committee agreed that there would be a pay increase in the Principal's and Vice Principal's remuneration consistent of 5% (see above) for the year ended July 2023.

7. OTHER OPERATING EXPENSES

	2023 £'000	2022 £'000
Teaching costs	1,101	781
Non-teaching costs	686	576
Premises costs	1,129	764
	<hr/>	<hr/>
	2,916	2,121
	<hr/>	<hr/>
Other operating expenses include:		
	2023 £'000	2022 £'000
Operating lease rentals		
Plant and machinery	30	32
Auditors' remuneration		
Financial statement audit	13	12
Other services provided by the Financial Statement auditor	1	1
Internal audit	9	12
	<hr/>	<hr/>

AQUINAS COLLEGE
Report and Financial Statements – Year ended 31 July 2023

NOTES TO THE FINANCIAL STATEMENTS /Continued...**8. INTEREST AND OTHER FINANCE COSTS**

	2023	2022
	£'000	£'000
Bank interest payable	121	94
Net interest on defined pension liability (note 21)	(25)	80
	<u>96</u>	<u>174</u>

9. TAXATION

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

AQUINAS COLLEGE
Report and Financial Statements – Year ended 31 July 2023

NOTES TO THE FINANCIAL STATEMENTS /Continued...

10. TANGIBLE FIXED ASSETS

	Freehold buildings	Long leasehold land	Assets under construction	Fixtures and fittings	Equipment	Total
	£'000	£'000	£'000	£'000	£'000	£'000
Cost						
At 1 August 2022	40,178	1,078	-	132	2,069	43,457
Additions			151	21	308	480
Disposals					(283)	(283)
At 31 July 2023	<u>40,178</u>	<u>1,078</u>	<u>151</u>	<u>153</u>	<u>2,094</u>	<u>43,654</u>
Depreciation						
At 1 August 2022	8,228	-	-	75	1,661	9,964
Charge for year	671			19	189	879
Disposals					(283)	(283)
At 31 July 2023	<u>8,899</u>	<u>-</u>	<u>-</u>	<u>94</u>	<u>1,567</u>	<u>10,560</u>
Net book value						
At 31 July 2022	<u>31,950</u>	<u>1,078</u>	<u>-</u>	<u>57</u>	<u>408</u>	<u>33,493</u>
At 31 July 2023	<u>31,279</u>	<u>1,078</u>	<u>151</u>	<u>59</u>	<u>527</u>	<u>33,094</u>
Analysed as follows:						
Financed by:						
Capital grant	28,819	240			67	29,126
Other	<u>2,460</u>	<u>838</u>	<u>151</u>	<u>59</u>	<u>460</u>	<u>3,968</u>
	<u>31,279</u>	<u>1,078</u>	<u>151</u>	<u>59</u>	<u>527</u>	<u>33,094</u>

Fixed assets include land and buildings with a net book value of £32,267k (2022 £33,027k) which are partially funded by the LSC and its successor organisations.

AQUINAS COLLEGE
Report and Financial Statements – Year ended 31 July 2023

NOTES TO THE FINANCIAL STATEMENTS /Continued ...

10. TANGIBLE FIXED ASSETS /Continued...

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

	2023 £'000	2022 £'000
Cost	40,569	40,418
Aggregate depreciation based on cost	(8,899)	(8,228)
	<hr/>	<hr/>
Net book value based on cost	31,670	32,190
	<hr/> <hr/>	<hr/> <hr/>

11. TRADE AND OTHER RECEIVABLES

	2023 £'000	2022 £'000
Amounts falling due within one year:		
Trade receivables	11	105
Prepayments and accrued income	102	87
	<hr/>	<hr/>
	113	192
	<hr/> <hr/>	<hr/> <hr/>

12. SHORT TERM INVESTMENTS

	2023 £'000	2022 £'000
Short term deposits	1,750	-
	<hr/>	<hr/>
	1,750	-
	<hr/> <hr/>	<hr/> <hr/>

Deposits are usually held with Lloyds bank operating in the London market and licensed by the Financial Conduct Authority with more than three months maturity at the balance sheet date. Lloyds have now decided to give higher investments rates to some institutions like colleges. We have now started to be able to invest at over 5% for shorter periods. Currently we have £8.26m on deposit, £1.75m was placed on a six-month term deposit in April to mature in October. The balance of £6.51m is placed for a maximum of 3 months which means they can be classed as cash.

AQUINAS COLLEGE
Report and Financial Statements – Year ended 31 July 2023

NOTES TO THE FINANCIAL STATEMENTS /Continued...

13. CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	2023	2022
	£'000	£'000
Debt due within one year		
Bank loan	206	201
Trade payables	38	176
Other taxation and social security	335	302
Other creditors	431	358
Accruals and deferred income	973	869
Payments in advance- Government grants	462	56
Deferred income-government capital grants	618	647
	<u>3,063</u>	<u>2,609</u>

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

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

	2023	2022
	£'000	£'000
Bank loan	2,090	2,296
Deferred income- government capital grants	28,252	28,805
	<u>30,342</u>	<u>31,101</u>
The bank loan is repayable as follows:-		
In one year or less	206	201
Between one and two years	212	208
Between two and five years	676	895
In five years or more	1,202	1,193
	<u>2,296</u>	<u>2,497</u>

The bank loan crystallised in March 2011 and the full facility was drawn down. There is a fixed interest element of £1.343m which is repayable at 5.285% for 22 years. The balance of £0.953m is repayable at base plus 0.35%. The full loan was drawn down as otherwise the facility would have lapsed.

During the year the college received ESFA capital grants of £526k. Currently plans for most of that grant are to use £320k to be used to install photovoltaic (solar) panels on both college buildings to mitigate the impact of utility costs and a further £56k for devolved capital in 2023/24. The outstanding grants are disclosed in Payments in advance-Government grants above to be spent in 2023/24.

AQUINAS COLLEGE
Report and Financial Statements – Year ended 31 July 2023

NOTES TO THE FINANCIAL STATEMENTS /Continued...

15. PROVISIONS: DEFINED BENEFIT PROVISIONS

	2023	2022
	£'000	£'000
As at 1 August	814	(4,647)
Income/(Expenditure) in the period	1,713	5,461
	<hr/>	<hr/>
Balance as at 31 July (Asset)	2,527	814
	<hr/> <hr/>	<hr/> <hr/>

Defined benefit obligations relate to the liabilities under the College's membership of the Local Government Pension Scheme (Greater Manchester Pension Fund). Further details are given in Note 21.

16. RESERVES

	Revaluation reserve	Income & Expenditure Account
	£'000	£'000
Balance brought forward at 1 August 2022	838	8,859
Surplus/ (deficit) on continuing operations	-	2,951
	<hr/>	<hr/>
At 31 July 2023	838	11,810
	<hr/> <hr/>	<hr/> <hr/>

17. CAPITAL COMMITMENTS

There are no capital commitments at July 2023 which have been contracted for but not expensed at the year-end. This is because, whilst we have appointed a contractor for the new capital build, we have not signed the contract for the first stage of a two stage design and build project. As such we are simply including in fixed assets the costs to date. A capital grant has been received post year end relating to these costs.

18. FINANCIAL COMMITMENTS

At 31 July 2023 the College had minimum lease payments under non-cancellable operating leases as follows:

	Equipment 2023	Equipment 2022
	£'000	£'000
Future minimum lease payments due:		
Not later than one year	26	31
Between one and two years	8	10
Later than two year and not later than five years	7	8
	<hr/>	<hr/>
	41	49
	<hr/> <hr/>	<hr/> <hr/>

AQUINAS COLLEGE
Report and Financial Statements – Year ended 31 July 2023

NOTES TO THE FINANCIAL STATEMENTS /Continued...

19. CASH AND CASH EQUIVALENTS

	At 1 August 2022 £'000	Cashflow £'000	At 31 July 2023 £'000
Cash and cash equivalents	8,908	(339)	8,569

College held no investment as at July 22. At this year end there was £1.75m held which could not be defined as cash and cash equivalent which accounts for the fall in cash over last year. If this could be included in the cash balance above it would show an improvement in cash of £1.4m.

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 number of the Board of Governors may have an interest. All transactions involving such organisations would be conducted at arm's length and in accordance with the College's financial regulations and normal procurement procedures.

There has been no related party transactions in the year to 31st July 2023.

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

The total expenses paid to or on behalf of the Governors during the year was £nil (2022: £nil). These expenses would represent travel and subsistence expenses and other out of pocket expenses incurred in attending Governor meetings and charity events in their official capacity.

No Governor has received any remuneration or waived payments from the College during the year (2022: None).

21. PENSIONS AND SIMILAR OBLIGATIONS

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

Total pension cost for the year	2022/23 £'000	2021/22 £'000
Teacher Pension Scheme: contributions paid	1,245	1,150
Local Government Pension Scheme: Contributions paid	354	330
FRS102(28) charge	205	645
Charge to statement of Comprehensive income and expenses	559	975
Total Pension Cost for the Year within staff costs	1,804	2,125

AQUINAS COLLEGE

Report and Financial Statements – Year ended 31 July 2023

NOTES TO THE FINANCIAL STATEMENTS /Continued ...

21. PENSIONS AND SIMILAR OBLIGATIONS /Continued...

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 2020 and of the LGPS 31 March 2022.

Employees and Employers Contributions amounting to £145k (2022: £133k) were payable to the scheme as at 31st July 2023 and are included in creditors.

Teachers' Pension Scheme

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

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

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

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

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

The latest actuarial valuation of the TPS was carried out as at 31 March 2020. The valuation report was published by the Department for Education in October 2023. The key elements of the valuation and subsequent consultation are:

- employer contribution rates from 1 April 2024 set at 28.68% of pensionable pay (including a 0.08% administration levy), compared to the current rate of 23.68%
- total scheme liabilities (pensions currently in payment and the estimated cost of future benefits) for service to the effective date of £262,000 million and notional assets (estimated future contributions together with the notional investments held at the valuation date) of £222,200 million, giving a notional past service deficit of £39,800 million
- the SCAPE discount rate, set by HMT, is used to determine the notional investment return. The current SCAPE rate is 1.7% above the rate of CPI, and is based on the Office for Budget Responsibility's forecast for long-term GDP growth.

The next valuation result is due to be implemented from 1 April 2027.

The pension costs paid to TPS in the year amounted to £1,733,745 (2022: £1,602,487).

A copy of the valuation report and supporting documentation is on the [Teachers' Pensions website](https://www.teacherspensions.co.uk/news/employers/2023/10/valuation-result.aspx).
(<https://www.teacherspensions.co.uk/news/employers/2023/10/valuation-result.aspx>)

Greater Manchester Pension Fund

The scheme available to non-teaching staff is the Greater Manchester Pension Fund (GMPF). The total pension contribution made by the College to the Scheme for the year ended 31 July 2023 was £474k of which employer's contributions totalled £354k and employee's contributions totalled £120k. The agreed employee contribution rates for future years (effective from April 2014) are a tiered system of

AQUINAS COLLEGE
Report and Financial Statements – Year ended 31 July 2023

NOTES TO THE FINANCIAL STATEMENTS /Continued ...

21. PENSIONS AND SIMILAR OBLIGATIONS /Continued...

rates related to levels of pensionable pay – these currently range from 5.5% to 12.5%. The agreed employer contribution rate from April 2023 to March 2026 remains at 19.7%. The next triannual valuation is due in March 2026.

Principal Actuarial Assumptions

The following information is based upon a full actuarial valuation of the fund as at 31 March 2022, updated to 31 July 2023 by a qualified independent actuary

	2023	2022
Rate of increase of salaries	3.8%	3.5%
Future pensions increases	3%	2.75%
Discount rate for scheme liabilities	5.05%	3.5%
Inflation assumption (CPI)	3.0%	2.8%

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

	31 July 2023	31 July 2022
	Years	Years
Current Pensioners		
Males	20.0	20.3
Females	23.9	23.2
Future pensioners		
Male	21.2	21.6
Female	25.5	25.1

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

	Long-term rate of return expected at 31 July 2023	Fair Value at 31 July 2023	Long-term rate of return expected at 31 July 2022	Fair Value at 31 July 2022
		£'000		£'000
Equities	1.9%	8,823	1.5%	8,116
Bonds	1.9%	1,740	1.5%	1,551
Property	1.9%	994	1.5%	1,074
Cash	1.9%	<u>870</u>	1.5%	<u>1,193</u>
Total market value of assets		<u>12,427</u>		<u>11,934</u>
Weighted average expected long term rate of return	1.9%		1.5%	
Actual return on plan assets		<u>(158)</u>		<u>102</u>

AQUINAS COLLEGE
Report and Financial Statements – Year ended 31 July 2023

NOTES TO THE FINANCIAL STATEMENTS /Continued ...

21. PENSIONS AND SIMILAR OBLIGATIONS /Continued...

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

	2023	2022
	£'000	£'000
Fair value of plan assets	12,427	11,934
Present value of plan liabilities	(9,900)	(11,120)
	<u>2,527</u>	<u>814</u>
Net pensions asset/(liability) (Note 15)	<u>2,527</u>	<u>814</u>

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

	2023	2022
	£'000	£'000
Amounts included in staff costs		
Current service cost	559	975
Past service cost		-
Total	<u>559</u>	<u>975</u>
Amounts included in investment expenditure		
Net interest expense	(25)	80
	<u>(25)</u>	<u>80</u>
Amounts recognised in Other Comprehensive Income		
Return on pension plan assets excluding amounts in net interest	(158)	102
Changes in assumptions underlying the present value of plan liabilities	2,051	6,084
	<u>1,893</u>	<u>6,186</u>
Amount recognised in Other Comprehensive Income	<u>1,893</u>	<u>6,186</u>

AQUINAS COLLEGE
Report and Financial Statements – Year ended 31 July 2023

NOTES TO THE FINANCIAL STATEMENTS /Continued ...

21. PENSIONS AND SIMILAR OBLIGATIONS/ Continued....

Movement in net defined benefit liability during the year

	2023	2022
	£'000	£'000
Asset/(Deficit) in scheme at 1 August	814	(4,647)
Movement in year:		
Current service cost	(559)	(975)
Employer contributions	354	330
Past service cost	-	-
Net interest on the net defined liability	25	(80)
Actuarial gain or loss	1,893	6,186
Net defined benefit asset/(liability) at 31 July	<u>2,527</u>	<u>814</u>

Asset and Liability Reconciliation

	2023	2022
	£'000	£'000
Changes in the present value of defined benefit obligations		
Defined benefit obligations at start of period	11,120	16,072
Current Service cost	559	975
Past service cost	-	-
Interest cost	396	264
Contributions by Scheme participants	120	113
Changes in financial assumptions	(3,029)	(6,048)
Changes in demographic assumptions	(312)	(67)
Changes in other experiences	1,290	31
Estimated benefits paid	(244)	(220)
Defined benefit obligations at end of period	<u>9,900</u>	<u>11,120</u>

AQUINAS COLLEGE
Report and Financial Statements – Year ended 31 July 2023

NOTES TO THE FINANCIAL STATEMENTS /Continued ...

21. PENSIONS AND SIMILAR OBLIGATIONS/ Continued....

Reconciliation of Assets

	2023	2022
	£'000	£'000
Fair value of plan assets at start of period	11,934	11,425
Interest on plan assets	421	184
Return on plan assets less amounts included in net interest	(158)	102
Employer contributions	354	330
Contributions by Scheme participants	120	113
Estimated benefits paid	<u>(244)</u>	<u>(220)</u>
Assets at end of period	<u>12,427</u>	<u>11,934</u>

An estimate McCloud judgement allowance has been added to the formal valuation results so the impact is continued to be included within the balance sheet at 31 July 2023 (as per the 2020 accounting approach). The previous allowance has simply been rolled forward and included in the closing position. No explicit additional adjustment for McCloud has been added to the current service cost for 2022/23.

22. AMOUNTS DISBURSED AS AGENT

Learner support funds

	2023	2022
	£'000	£'000
Balance brought forward at 1 August	75	26
Funding Council Grants	189	185
Clawback by ESFA/Local Authorities	(3)	-
	<u>261</u>	<u>211</u>
Disbursed to students	(154)	(136)
Transfer from Free college meals	106	-
	<u>213</u>	<u>75</u>
Balance unspent at 31 July included in creditors	<u>213</u>	<u>75</u>

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

23. EVENTS AFTER THE REPORTING PERIOD

There are no events after the reporting period.