



**Report and Financial Statements
For the Year Ended 31 July 2011**

St Francis Xavier College Year Ended 31 July 2011

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St Francis Xavier College For the Year Ended 31 July 2011 Operating and Financial Review

NATURE, OBJECTIVES AND STRATEGIES

The Board of Governors present their report and the audited financial statements for the year ended 31 July 2011.

Legal status

The Board of Governors is a corporate body established under the Further and Higher Education Act 1992 for the purpose of conducting the activities of St Francis Xavier College. The Board of Governors together with the College is an exempt charity for the purposes of the Charities Act 1993 as amended by the Charities Act 2006.

The College was formed as St Francis Xavier College.

Mission

The College's mission, as approved by its Board of Governors in July 2005, is:

We at St Francis Xavier College aim to provide for the educational needs of our students in a Catholic environment that proclaims Jesus Christ, the Way, the Truth and the Life. We are committed to a community based on mutual respect where we recognise our responsibilities to ourselves and others.

Implementation of Strategic Plan

Our main priorities for 2010-2011

- ◆ **Progress the development of the Virtual Learning Environment/Managed Learning Environment (VLE/MLE)**
During 2010/11 we launched the SFX Dashboard which integrates a number of management information strands within one web portal allowing for easier transference of information between staff members and between staff and learners.
- ◆ **Review the curriculum at all levels to ensure that it is responsive to needs of students and reflects external and market changes**
As a consequence of our reflections we have reduced Level 2 provision, and as a consequence of falling demand; consolidated Level 3 BTEC to extended diplomas predominantly and moved from Diploma in Childcare Education to BTEC Extended Diploma in Health and Social Care.
- ◆ **Maintain excellence against a backdrop of diminishing budgets**
We have agreed an increase in loading for teaching staff which will increase efficiency and we shall monitor standards robustly. Where costs can be saved and posts reorganised we have agreed a limited number of voluntary severance packages or drawn up staff resourcing through natural wastage.
- ◆ **Fostering strategic partnerships**
We have made a number of new educational partnerships internationally and have increased our progression partnerships with Higher Education Institutions. We have added links with some new commercial partnerships to benefit students looking for commercial experience.

2011-2012 strategic plan priorities

1. MLE: Embed the pastoral log of Dashboard and move to complete development of electronic-Individual Learning Plan (e-ILP) and progress use of technology to increase efficiency in working practices.
2. The College will seek to make further efficiency gains through a review of both the curriculum offer and the current allocation of resources to systems which support teaching, learning and wider College activities.

St Francis Xavier College For the Year Ended 31 July 2011 Operating and Financial Review

NATURE, OBJECTIVES AND STRATEGIES (continued)

Implementation of Strategic Plan (continued)

3. The College will investigate and promote innovative strategies for teaching and learning, including new methods of delivery, which have been made possible by new technological developments and curriculum changes.
4. Develop leadership skills in our student body.

Financial Objectives

The College has reviewed its accommodation strategy and has a three year financial forecast. The Board of Governors monitors the performance of the College against these plans. To date, the plans have been reviewed and updated each year. In 2011 the College will have complied with new or additional requirements consequent upon Machinery of Government changes and the dissolving of the LSC. The latest financial forecast has been submitted to the Young People's Learning Agency (YPLA) which together with the Skills Funding Agency (SFA) have succeeded the LSC with respect to funding of the 16-19 sector.

The College's strategic objectives for 2011-2012 are set out above.

Performance Indicators

The College will continue to monitor the following as key performance indicators in 2011-2012.

- ◆ Success rates
- ◆ Learner destinations
- ◆ Learner views

The financial indicators (Financial Health and Financial Management and Control) will continue to be graded and will be reported to providers directly by the relevant funding body. As this direct reporting occurs earlier than Framework for Excellence reporting, these Performance Indicators will no longer be included in the Framework for Excellence Application.

The College is committed to observing the importance of the measures and indicators within the Framework and is monitoring these through the completion of the annual Finance Record for the YPLA. The current rating of Good is considered an acceptable outcome.

FINANCIAL POSITION

Financial results

The College generated an operating surplus in the year of £323,000 (2009/10 – £254,000).

The College has accumulated reserves before deduction of the pension reserve of £7,011,000 (2009/10 - £6,612,000) and a cash balance of £3,056,000 (2009/10 - £2,106,000).

Tangible fixed asset additions during the year amounted to £333,000 (2009/10 - £112,000). This was split between land and buildings additions of £84,000 and equipment purchased of £249,000.

The College has significant reliance on the education sector funding bodies for its principal funding source, largely from recurrent grants. In 2010/11 the funding bodies provided 91% of the College's total income (2009/10 – 93%).

St Francis Xavier College For the Year Ended 31 July 2011 Operating and Financial Review

FINANCIAL POSITION (continued)

Treasury policies and objectives

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

All major transactions are authorised by the Governors through the Finance and General Purposes Committee and the adherence to the College's Treasury Management Policy. Such arrangements are restricted by limits in the College's Financial Memorandum previously agreed with the LSC and subsequently transferred to the YPLA. All other borrowing requires the authorisation of the College and shall comply with the requirements of the Financial Memorandum.

Cash flows

At £682,000 (2009/10 - £574,000), operating cash inflow was reasonably strong. The net cashflow resulted from good cash management.

Liquidity

The College has good liquidity with no borrowing at present.

CURRENT AND FUTURE DEVELOPMENT AND PERFORMANCE

Student Numbers

The College is funded according to the number of students on courses. In 2010/11, the College recruited 1,351 (2009/10 - 1,354) students against a target of 1,344 (2009/10 - 1,351). This represented an over-recruitment of 16-18 Learners (+16) and an under recruitment of 19+ Learners (-9).

Student Achievements

The College underwent a full inspection in May 2009. A four-point scale is used to summarise judgements about achievement and standards, the quality of provision, and leadership and management, with a contributory grade for equality of opportunity. All headline aspects were graded 1 and the overall effectiveness of the College was described as 'Outstanding'. Success rates in 2011 were maintained at 88% (National average 87%).

Curriculum Developments

The College's core business is the delivery of a range of full time 16-19 courses, primarily but not exclusively, at Level 3.

Payment performance

The Late Payment of Commercial Debts (Interest) Act 1998, which came into force on 1 November 1998, requires colleges, in the absence of agreement to the contrary, to make payments to suppliers within 30 days of either the provision of goods or services or the date on which the invoice was received. During the accounting period from 1 August 2010 to 31 July 2011, the College paid 96% of its invoices within 30 days. The College incurred no interest charge in respect of late payment for this period.

St Francis Xavier College For the Year Ended 31 July 2011 Operating and Financial Review

CURRENT AND FUTURE DEVELOPMENT AND PERFORMANCE (continued)

Staff and Student Involvement

The College considers good communication with its staff to be very important and to this end it publishes regular newsletters and daily bulletins, which are available to all staff. In addition a full staff briefing is held on a weekly basis. The College encourages staff and student involvement through membership of formal committees. In order to ensure the College is responsive to the 'student voice' a member of staff has been given responsibility for this area to ensure it is audited and monitored.

Taxation

The majority of the College's activities are outside the scope of corporation tax.

Future developments

The College is currently undergoing a series of capital ventures with grant funding from the YPLA and with its own contribution to the costs. These ventures are to augment the estate and improve it but also to increase the efficiency of the current estate.

The College is also investigating new curriculum developments, for example Level 4 delivery in partnership with Higher Education Institutions.

RESOURCES

The College continues to invest in its building and facilities to ensure students have the most up to date learning environment. However, its most valuable resource is the teaching staff. The College's policy is to ensure that they are of the highest quality so that our students receive the very best post 16 education. However, this does mean that our staff costs are above average for the sector, but to make inappropriate savings in this area that lowered the standard of teaching would result in greater losses in the future.

Financial

The College has £13.5 million (2009/10 - £12.6 million) of net assets (including £1m pension liability (2009/10 - £1.3m))

People

The College employs 153 people (expressed as full time equivalents), of whom 93 are teaching staff (2009/10 - 148 people, of whom 89 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.

Based on the strategic plan, the Risk Management Group undertakes a comprehensive review of the risks to which the College is exposed. They identify systems and procedures, including specific preventable actions which should mitigate any potential impact on the College. The internal controls are then implemented and the subsequent year's appraisal will review their effectiveness and progress against risk mitigation actions. In addition to the annual review, the Risk Management Group will also consider any risks which may arise as a result of a new area of work being undertaken by the College.

St Francis Xavier College For the Year Ended 31 July 2011 Operating and Financial Review

PRINCIPAL RISKS AND UNCERTAINTIES (continued)

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.

This is supported by a risk management training programme to raise awareness of risk throughout the College.

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 YPLA and SFA. In 2011, 91% of the College's revenue was ultimately public funded and this level of requirement is expected to continue.

There is considerable uncertainty that government policy or practice will remain the same and we are aware that future public funding will not continue at the same level or on the same terms.

The College is already aware of issues which have begun to have an impact in 2010-11.

Although the College continued to work in a demand-led funding system in 2010-11 the gradual move away from a national commissioning framework and the changing responsibility for 'provider reviews' created an additional level of complexity and uncertainty in the system. This was particularly the case regarding 'Additional Learning Support' (ALS) funding, where a gradual move to a full formula funding has replaced the traditional 'negotiated' and discretionary element. As SFX has always received a substantial discretionary element of ALS funding this change provides a substantial risk for the future.

The economic climate and future coalition Government policies have become clearer in the last few months and although these have not directly impacted on 2010-11 they are set to have considerable future funding impacts. The 3 year forecast shows reductions in SFX core funding and levels of 'transitional protection' as yet remain unclear.

2. Maintain adequate funding of pension liabilities

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

STAKEHOLDER RELATIONSHIPS

In line with other colleges St Francis Xavier College has many stakeholders. These include:

- ◆ Students
- ◆ YPLA and SFA
- ◆ Staff
- ◆ Partner schools
- ◆ Schools from which SFX recruits students
- ◆ Higher education bodies

St Francis Xavier College For the Year Ended 31 July 2011 Operating and Financial Review

STAKEHOLDER RELATIONSHIPS (continued)

- ◆ Employers
- ◆ Local Authorities
- ◆ Government Offices/ Regional Development Agencies; and
- ◆ The Diocese of Southwark.

The College recognises the importance of these relationships and engages in regular communication with them through the College website, written communications and by meetings.

Equal Opportunities and Employment of Persons with a Disability

The College considers all applications for employment from applicants with a disability, bearing in mind the aptitudes of the individuals concerned. Where an existing employee becomes disabled, every effort is made to ensure that employment with the College continues. The College's policy is to provide training, career development and opportunities for promotion for such staff members that are, as far as possible, identical to those for other employees.

Disability Statement

The College seeks to achieve the objectives set down in the Disability Discrimination Act 1995 as amended by the Special Education Needs and Disability Act 2001 and 2005.

- i. The College has a close link with Oak Lodge School for the deaf whereby students from there undertake full-time mainstream courses at the College;
- ii. As part of the redevelopment of the buildings the College has installed lifts and ramps so that most of the facilities allow access to people with a disability;
- iii. There is a list of specialist equipment, such as lighting for audio facilities, which the College can make available for use by students;
- iv. The admissions policy for all students is described in the College charter. Appeals against a decision not to offer a place are dealt with under the complaints policy;
- v. The College has made a significant investment in the appointment of specialist tutors to support students with learning difficulties and/or disabilities. There are a number of student support assistants who can provide a variety of support for learning. There is a continuing programme of staff development to ensure the provision of a high level of appropriate support for students who have learning difficulties and/or disabilities;
- vi. Specialist programmes are described in programme information guides, and achievements and destinations are recorded and published in the standard College format; and
- vii. Counselling and welfare services are described in the College charter.

St Francis Xavier College Racial Equality Policy

Our Commitment

St Francis Xavier College affirms that individuals from minority ethnic groups are entitled to the same equal rights, responsibilities and opportunities as the majority population. The College strives to ensure that, whatever the heritage and origins of the members of the College community, everyone is equally valued and treats one another with respect. This commitment is an essential expression of "the Christian values that are the inspiration of the College".

St Francis Xavier College For the Year Ended 31 July 2011 Operating and Financial Review

STAKEHOLDER RELATIONSHIPS (continued)

St Francis Xavier College Racial Equality Policy (continued)

This policy statement reflects our equal opportunities policy and reminds us that diversity in our society is a strength and we must ensure equality and equity having regard to issues of gender, age, race, religion, disability and culture.

We will work towards the elimination of racism whether overt, covert or by omission, and we will ensure that individuals and communities have equal access to the curriculum and College facilities.

Ethnic breakdown for 2010/11 is as follows:

Student Population 2010/11

Ethnicity	New Students	Total
Other	3.4%	3.9%
Asian	3.7%	4.7%
Black African	49.7%	49.9%
Black Caribbean	22.4%	20.1%
Chinese	0.8%	1.2%
Mixed	7.6%	7.5%
Not Known	2.5%	2.4%
White	9.9%	10.3%
Total	100%	100%

Staff Recruitment 2010/11 (including internal appointments)

Ethnicity	Overall No's	% of total	2009/10 Recruitment	% of new
White	222	67%	31	67%
Mixed	17	5%	2	4%
Asian or Asian British	32	9%	7	15%
Other Asian	3	1%	0	0%
Black & Black British	49	15%	6	14%
Chinese or Other Ethnic Group	3	1%	0	0%
Not known *	7	2%	0	0%
Total Black & Ethnic Minorities	87	26%	13	29%
Overall Total	333	100%	46	100%

* Applicants from Agencies where ethnicity not given.

A copy of the College's Racial Equality Policy is available on request.

St Francis Xavier College For the Year Ended 31 July 2011 Operating and Financial Review

STAKEHOLDER RELATIONSHIPS (continued)

Disclosure of information to auditor

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 auditor is unaware; and each member has taken all the steps that he or she ought to have taken to be aware of any relevant audit information and to establish that the College's auditor is aware of that information.

Approved by order of the Board of Governors on 8 December 2011 and signed on its behalf by:

Chair

A handwritten signature in black ink, appearing to be 'J. Hulpe', written in a cursive style.

St Francis Xavier College For the Year Ended 31 July 2011 Operating and Financial Review

Professional Advisers

Financial Statements and Regularity Internal Auditors: Auditors:

Buzzacott LLP
130 Wood Street
London
EC2V 6DL

RSM Tenon
Clifton House
Bunnian Place
Basingstoke
Hampshire
RG21 7JE

Bankers:

Allied Irish Bank
201/203 The Broadway
Wimbledon
London
SW19 1FF

Solicitors:

LSG Solicitors
35 Piccadilly
London
W1J 0LP

St Francis Xavier College

Year Ended 31 July 2011

Statement of Corporate Governance and Internal Control

Corporate Governance

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

In the opinion of the Board of Governors, the College complies with all the provisions of the Combined Code in so far as they apply to the Further Education Sector, and it has complied throughout the year ended 31 July 2011.

The Board of Governors

The Governors who served on the Board during the year and up to the date of signature of this report were as follows:

	<i>Date of appointment</i>	<i>Term of office</i>	<i>Date of resignation</i>	<i>Status of appointment</i>	<i>Committees Served</i>
Mr I Adewolu	04/07/2011	1 year		Student Governor	
Mrs J Barber	21/03/2007	4 years	20/03/2011	Staff Governor (non-teaching)	Vision and Values
Mr P Barber	01/07/2000	4 years Re-appointed 19/09/2008		Foundation Governor	Staffing
Mr M Belfourd	10/06/2009	4 years		Foundation Governor	Chair, Finance & General Purposes (F&GP) Vice-Chair of Governors, 4/07/2011
Mr K Craig	08/05/2007	4 years Re-appointed 06/07/2008		Foundation Governor	Remuneration
Ms K Dike-Oduah	05/07/2010	1 year	04/07/2011	Student Governor	
Ms Dimitri Dolor	04/07/2011	1 year		Student Governor	
Miss F Doran	10/06/2009	4 years		Foundation Governor	Finance & General Purposes (F&GP) Environmental
Ms H Everett	26/03/2008	4 years		Staff Governor (teaching)	Audit
Mgr G Ewing	01/04/2000	4 years Re-appointed 19/09/2008	08/07/2011	Foundation Governor	Vice-Chair of Governors Staffing, Audit, Chaplaincy

St Francis Xavier College

Year Ended 31 July 2011

Statement of Corporate Governance and Internal Control

The Board of Governors (continued)

	<i>Date of appointment</i>	<i>Term of office</i>	<i>Date of resignation</i>	<i>Status of appointment</i>	<i>Committees Served</i>
Mrs S Flannery	01/09/2009	Ex officio		Principal	Finance & General Purposes
Mr C Garvey	08/06/2006	4 years Re-appointed 19/09/2008		Foundation Governor	Chair, Remuneration, Staffing
Mrs C Johnston	05/02/2010	4 years		Foundation Governor	Remuneration, Staffing, Finance & General Purposes from 04/07/2011
Ms S Jones	10/07/2006	4 years Re-appointed 06/07/2009		Co-opted Governor	Audit
Mrs B A King	01/09/2008	4 years Re-appointed 03/11/2008		Foundation Governor	Vice-Chair: Finance & General Purposes to 21/06/2011 Safeguarding Equality
Mr J Langley	05/07/2010	4 years	19/03/2011	Co-opted Governor, nominated by LA	
Mr M Lucas	06/03/2007	4 years Re-appointed 06/07/2008		Foundation Governor	Chair of Audit
Mr J Opara	01/04/1997	4 years Re-appointed 19/09/2008		Foundation Governor	Chair of Governors Finance & General Purposes, Staffing
Mr K Rodrigues	05/07/2010	1 year	04/07/2011	Student Governor	
Ms S Surridge	29/03/2011	4 years		Staff Governor (non-teaching)	
Mr R Vianello	28/10/2010	4 years		Foundation Governor	Audit

Mrs E Lewis acts as Clerk to the Board of Governors.

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

The Board of Governors 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 Board of Governors meets on a termly basis.

The Board of Governors conducts its business through a number of committees. Each committee has terms of reference, which have been approved by the Board of Governors. These committees are Finance and General Purposes, Remuneration, Staffing, Appeals and Audit.

St Francis Xavier College

Year Ended 31 July 2011

Statement of Corporate Governance and Internal Control

The Board of Governors (continued)

Full minutes of all meetings are available to download from the College website www.sfx.ac.uk/information/governors or from the Clerk to the Governors at:

St Francis Xavier College
Malwood Road
London
SW12 8EN

The Clerk to the Board of Governors 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 Governors, who is responsible to the Board for ensuring compliance with all applicable procedures and regulations. The appointment, evaluation and removal of the Clerk are matters for the Board of Governors 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 Board of Governors has a strong and independent non-executive element and no individual or group dominates its decision making process. The Board of Governors considers that each of its non-executive members is independent of management and free from any business or other relationship, which could materially interfere with the exercise of their independent judgement.

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

Appointments to the Board of Governors

Any new appointments to the Board of Foundation Governors are a matter for the consideration of the Archbishop of Southwark. All administration is carried out by the Catholic Commission for Schools and Colleges. The Board of Governors is responsible for ensuring that appropriate training is provided as required.

The Governors are appointed for a term of office not exceeding four years.

Remuneration Committee

Throughout the year ended 31 July 2011, the College's Remuneration Committee comprised three Governors. The committee's responsibilities are to make recommendations to the Board on the remuneration and benefits of the Principal, the Clerk to the Governors and other senior postholders.

Details of senior postholders' remuneration for the year ended 31 July 2011 are set out in note 7 to the financial statements.

Audit Committee

The Audit Committee comprises a Chair and up to four other members with a minimum of three (the majority of whom should be members of the Board of Governors). The committee operates in accordance with written terms of reference approved by the Board of Governors.

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

St Francis Xavier College

Year Ended 31 July 2011

Statement of Corporate Governance and Internal Control

Audit Committee (continued)

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

Management is responsible for the implementation of agreed recommendations and the internal auditors undertake periodic follow up reviews to ensure that such recommendations have been implemented.

Based upon reports made to it, the Audit Committee monitors the adequacy and the effectiveness of the internal control system and reports to the Board of Governors. The Audit Committee also advises the Board of Governors on the appointment of internal, regularity and financial statements auditors and their remuneration for both audit and non-audit work.

Internal Control

Scope of responsibility

The Board of Governors 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, not absolute assurance, against material misstatement or loss.

The Board of Governors 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 she is personally responsible, in accordance with the responsibilities assigned to her in the financial memorandum between St Francis Xavier College and the LSC and its successor organisations. She is also responsible for reporting to the Board of Governors any material weaknesses, or breakdowns in internal control.

The purpose of the system of internal control

The system of internal control is designed to manage risk to a reasonable level rather than to eliminate all risk of failure to achieve policies, aims and objectives; it can therefore only provide reasonable and not absolute assurance of effectiveness. The system of internal control is based on an ongoing process designed to identify and prioritise the risks to 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 St Francis Xavier College for the year ended 31 July 2011 and up to the date of approval of the annual report and financial statements.

Capacity to handle risk

The Board of Governors has reviewed the risks to which the College is exposed together with the operating, financial and compliance controls that have been implemented to mitigate those risks. The Board of Governors is of the view that there is a formal ongoing process for identifying, evaluating and managing the College's significant risks that has been in place for the period ended 31 July 2011 and up to the date of approval of the annual report and financial statements. This process is regularly reviewed by the Board of Governors.

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 Board of Governors;

St Francis Xavier College

Year Ended 31 July 2011

Statement of Corporate Governance and Internal Control

Audit Committee (continued)

The risk and control framework (continued)

- ◆ regular reviews by the Board of Governors of periodic and annual financial reports which indicate financial performance against forecasts;
- ◆ setting targets to measure financial and other performance;
- ◆ clearly defined capital investment control guidelines; and
- ◆ the adoption of formal project management disciplines, where appropriate.

St Francis Xavier College has an internal audit service, which operates in accordance with the requirements of the Audit Code of Practice. The work of the internal audit service is informed by an analysis of the risks to which the College is exposed, and annual internal audit plans are based on this analysis. The analysis of risks and the internal audit plans are endorsed by the College's Board of Governors on the recommendation of the Audit Committee. As a minimum annually, the Head of Internal Audit (HIA) provides the Board of Governors with a report on internal audit activity in the College. The report includes the HIA's independent opinion on the adequacy and effectiveness of the College's system of internal control, risk management controls and governance processes, including internal control.

Review of effectiveness

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

- ◆ the work of the internal auditors;
- ◆ the work of the executive managers within the College which have responsibility for the development and maintenance of the internal control framework; and
- ◆ comments made by the College's external auditors in their management letters and other reports.

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

The senior management team receives reports setting out key performance and risk indicators and considers possible control issues brought to their attention by early warning mechanisms, which are embedded within the departments and reinforced by risk awareness training. The senior management team and the Audit Committee also receive regular reports from the internal auditors, 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 Board of Governors' agenda includes a regular item for consideration of risk and control and receives reports therein 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 Autumn term meeting on 8 December 2011 Board of Governors carried out the annual assessment for the year ended 31 July 2011 by considering documentation from the senior management team and internal audit, and taking account of events since 31 July 2011.

Going Concern

After making appropriate enquiries, the Board of Governors considers that the College has adequate resources to continue in operational existence for the foreseeable future. For this reason, it continues to adopt the going concern basis in preparing the financial statements.

Approved by order of the Board of Governors on 8 December 2011 and signed on its behalf by:

Chair



Principal
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St Francis Xavier College

Year Ended 31 July 2011

Statement of Responsibilities of the Board of Governors

The Board of Governors is required to present audited financial statements for each financial year.

Within the terms and conditions of the Financial Memorandum agreed between the Young People's Learning Agency and the Board of Governors of the College, the Board of Governors, through its Principal, is required to prepare financial statements for each financial year in accordance with the 2007 Statement of Recommended Practice – Accounting for Further and Higher Education and with the Accounts Direction jointly issued by the Skills Funding Agency and the Young People's Learning Agency, and which give a true and fair view of the state of affairs of the College and the result for that year.

In preparing the financial statements, the Board of Governors is required to:

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

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

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

The maintenance and integrity of the College website is the responsibility of the Board of Governors of the College; the work carried out by the auditors does not involve consideration of these matters and, accordingly, the auditors accept no responsibility for any changes that may have occurred to the financial statements since 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.

Governors are responsible for ensuring that expenditure and income are applied for the purposes intended by Parliament and that the financial transactions conform to the authorities that govern them. In addition they are responsible for ensuring that funds from the YPLA are used only in accordance with the Financial Memorandum with the YPLA and any other conditions that may be prescribed from time to time. Governors must ensure that there are appropriate financial and management controls in place in order to safeguard public and other funds and to ensure they are used properly. In addition, the Board of Governors is responsible for securing economical, efficient and effective management of the College's resources and expenditure, so that the benefits that should be derived from the application of public funds by the YPLA are not put at risk.

Approved by order of the Board of Governors on 8 December 2011 and signed on its behalf by:

Chair



St Francis Xavier College

Year Ended 31 July 2011

Independent Auditor's Report to the Board of Governors of St Francis Xavier College

We have audited the financial statements of St Francis Xavier College for the year ended 31 July 2011 which comprise the income and expenditure account, the balance sheet, the cash flow statement, the statement of total recognised gains and losses and the related notes. The financial reporting framework that has been applied in their preparation is applicable law and UK accounting standards (UK Generally Accepted Accounting Practice).

This report is made solely to the Board of Governors, as a body, in accordance with statutory requirements. Our audit work has been undertaken so that we might state to the Board of Governors, 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 Board of Governors, as a body, for our audit work, for this report, or for the opinions we have formed.

Respective Responsibilities of the Governors of St Francis Xavier College and auditor

As explained more fully in the Statement of Responsibilities, the College's Board of Governors is responsible for the preparation of financial statements which give a true and fair view.

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

Scope of the audit of the financial statements

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

Opinion on financial statements

In our opinion the financial statements:

- give a true and fair view, in accordance with UK Generally Accepted Accounting Practice, of the state of the College's affairs as at 31 July 2011 and of the College's surplus of income over expenditure for the year then ended;
- have been properly prepared in accordance with the 2007 Statement of Recommended Practice – Accounting for Further and Higher Education Institutions.

**St Francis Xavier College
Year Ended 31 July 2010/11**

**Independent Auditor's Report to the Board of Governors of St
Francis Xavier College**

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

In our opinion:

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

Buzzacott LLP

Buzzacott LLP
Statutory Auditor
130 Wood Street
London
EC2V 6DL

13 December 2011

**St Francis Xavier College
Year Ended 31 July 2011
Independent Auditor's Report on Regularity to the Board of
Governors of St Francis Xavier College and the Young
People's Learning Agency**

In accordance with the terms of our engagement letter dated 24 June 2009 and further to the requirements of the Young People's Learning Agency, we have carried out a review to obtain assurance about whether, in all material respects, the expenditure and income of St Francis Xavier College ('the College') for the year ended 31 July 2011 have been applied to the purposes intended by Parliament and the financial transactions conform to the authorities which govern them.

This report is made solely to the Board of Governors and the Young People's Learning Agency. Our review work has been undertaken so that we might state to the Board of Governors and the Young People's Learning Agency those matters we are required to state to them in a report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Board of Governors and the Young People's Learning Agency, for our review work, for this report, or for the opinion we have formed.

Respective responsibilities of the Governors of St Francis Xavier College and auditors

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

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

Basis of opinion

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

Opinion

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

Buzzacott LLP

Buzzacott LLP
Chartered Accountants
130 Wood Street
London
EC2V 6DL

13 December 2011

St Francis Xavier College
Income and Expenditure Account for the year ended 31 July 2011

	Notes	2011 £000	2010 £000
Income			
Funding body grants	2	8,285	8,187
Tuition fees and education contracts	3	123	145
Other income	4	665	476
Investment income	5	27	27
Total Income		<u>9,100</u>	<u>8,835</u>
Expenditure			
Staff costs	6	6,527	6,141
Other operating expenses	8	1,703	1,939
Depreciation	9	547	501
Total Expenditure		<u>8,777</u>	<u>8,581</u>
Surplus on continuing operations		<u>323</u>	<u>254</u>

The income and expenditure account is in respect of continuing activities. There were no operations that were acquired or discontinued by St Francis Xavier College during the year.

There is no difference between the results for the year as stated above and their historical cost equivalent.

St Francis Xavier College**Statement of Total Recognised Gains and Losses for the year ended 31 July 2011**

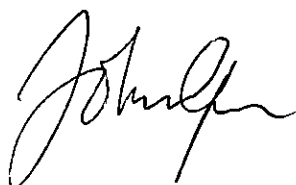
	Notes	2011 £000	2010 £000
Surplus on continuing operations		323	254
Actuarial gains in respect of pension scheme including the CPI adjustment of £nil (2010 - £178,000)	21	350	81
Total recognised gains for the year		<u>673</u>	<u>335</u>
Reconciliation			
Opening reserves at 1 August 2010		5,303	4,968
Total recognised gains for the year		673	335
Closing reserves at 31 July 2011		<u>5,976</u>	<u>5,303</u>

St Francis Xavier College
Balance Sheet as at 31 July 2011

	Notes	2011 £000	2010 £000
Fixed assets			
Tangible fixed assets	9	<u>12,017</u>	<u>12,231</u>
		12,017	12,231
Current assets			
Debtors	10	246	506
Cash at bank and in hand		<u>3,056</u>	<u>2,106</u>
		3,302	2,612
Creditors: amounts falling due within one year	11	(526)	(729)
Net current assets		<u>2,776</u>	<u>1,883</u>
Total assets less current liabilities		14,793	14,114
Creditors: amounts falling due after more than one year	12	(134)	(143)
Provisions for liabilities and charges	13	(75)	(73)
Net assets excluding pension liability		<u>14,584</u>	<u>13,898</u>
Net pension liability	21	(1,035)	(1,309)
NET ASSETS INCLUDING PENSION LIABILITY		<u>13,549</u>	<u>12,589</u>
Deferred capital grants	14	<u>7,573</u>	<u>7,286</u>
Reserves			
General reserve excluding pension reserve	15	7,008	6,609
Pension reserve	21	<u>(1,035)</u>	<u>(1,309)</u>
General reserve including pension reserve	15	5,973	5,300
Restricted reserve	16	3	3
Total Reserves		<u>5,976</u>	<u>5,303</u>
TOTAL FUNDS		<u>13,549</u>	<u>12,589</u>

The financial statements on pages 21 to 40 were approved by the Board of Governors on 8 December 2011 and were signed on its behalf on that date by:

J Opara - Chair



S Flannery - Principal



St Francis Xavier College
Cash Flow Statement for the year ended 31 July 2011

	Notes	2011 £000	2010 £000
Cash inflow from operating activities	17	682	574
Returns on investments and servicing of finance	18	27	27
Capital expenditure and financial investment	19	241	(112)
Increase in cash in the year	20	<u><u>950</u></u>	<u><u>489</u></u>

Reconciliation of net cash flow to movement in net funds

Increase in cash in the year	20	950	489
Movement in net funds in the year		<u>950</u>	<u>489</u>
Net funds at 1 August 2010		2,106	1,617
Net funds at 31 July 2011	20	<u><u>3,056</u></u>	<u><u>2,106</u></u>

In this statement, figures in brackets refer to cash outflows and all other figures are cash inflows to the College.

St Francis Xavier College

Year Ended 31 July 2011

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 2007* (the SORP) and in accordance with applicable Accounting Standards. They conform to guidance published jointly by the Skills Funding Agency and the YPLA in the 2010/11 Accounts Direction Handbook.

Basis of accounting

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

Going Concern

The activities of the College, together with the factors likely to affect its future development and performance are set out in the Operating and Financial Review. The financial position of the College, its cashflow, liquidity and borrowings are described in the financial statements and accompanying notes.

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

Income from grants, contracts and other services rendered is included to the extent the conditions of the funding have been met or the extent of the completion of the contract or service concerned. All income from short-term deposits is credited to the income and expenditure account in the period in which it is earned.

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

Funding body recurrent grants are recognised 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 learner responsive funding element is normally adjusted for in year and reflected in the level of recurrent grant recognised in the income and expenditure account. The final grant income is normally determined with the conclusion of the year end reconciliation process with the Funding body at the end of November following the year end. Employer Responsive funding is receivable based on ILR returns in respect of the current financial year, but subject to consideration of the College's performance relative to maximum contract values. 16-18 learner-responsive funding is not normally subject to a reconciliation and is therefore not subject to contract adjustments.

Post retirement benefits

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

St Francis Xavier College

Year Ended 31 July 2011

Notes to the Financial Statements

1 Statement of Accounting Policies (continued)

Post retirement benefits (continued)

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

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

Enhanced Pensions

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

Tangible fixed assets

Land and buildings

Where land and buildings are acquired with the aid of specific grants, they are capitalised and depreciated over their expected useful economic life to the College of between 20 and 50 years. The related grants are deferred to a capital grant account, and are released to the income and expenditure account over the expected useful economic life of the related asset on a basis consistent with the depreciation policy.

On adoption of FRS 15, the College followed the transitional provision to retain the book value of land and buildings, but not to adopt a policy of revaluations of these properties in the future. These values are retained subject to the requirement to test assets for impairment in accordance with FRS 11.

Land and buildings owned by third parties

Where the College enjoys the use of an asset which it does not own and for which no rental or a nominal rental is paid, if practicable, a value is attributed to this benefit and capitalised, with a corresponding credit to the general reserve for the land element and deferred capital grants for the building element which are subsequently released to the income and expenditure account over the useful economic life of the asset at the same rate as the depreciation charge on the related assets.

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.

St Francis Xavier College

Year Ended 31 July 2011

Notes to the Financial Statements

1 Statement of Accounting Policies (continued)

Tangible fixed assets (continued)

Equipment (continued)

Equipment is depreciated over its useful economic life as follows:

Furniture, catering equipment, office equipment	10% per year
General education equipment	12% per year
Audio-visual equipment, major building adaptation	12% to 20% per year
Computer and ancillary equipment	33% per year

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

Leased assets

Costs in respect of operating leases are charged on a straight-line basis over the lease term.

Leasing agreements which transfer to the College substantially all the benefits and risks of ownership of an asset are treated as if the asset had been purchased outright and are capitalised at their fair value at the inception of the lease and depreciated over the shorter of the lease term or the 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.

Taxation

The College is considered to pass the tests set out in Paragraph 1 Schedule 6 Finance Act 2010 and therefore it meets the definition of a charitable company for UK corporation tax purposes. Accordingly, the College is potentially exempt from taxation in respect of income or capital gains received within categories covered by Chapter 3 Part 11 Corporation Tax Act 2010 or Section 256 of the Taxation of Chargeable Gains Act 1992, to the extent that such income or gains are applied exclusively to charitable purposes.

The College receives no similar exemption in respect of Value Added Tax.

Provisions

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.

Agency Arrangements

The College acts as an agent in the collection and payment of discretionary support Funds. Related payments received from the LSC or its successor organisations and subsequent disbursements to students are excluded from the Income and Expenditure account and are shown separately in note 24, except for the 5 per cent of the grant received which is available to the College to cover administration costs relating to the grant. The College employs one member of staff dedicated to administration of Learner Support Fund applications and payments.

St Francis Xavier College

Notes to the financial statements for the year ended 31 July 2011

2 Funding body grants

	2011 £000	2010 £000
YPLA recurrent grants - Main funding body	8,122	7,948
Release of deferred capital grants (note 14)	163	177
FE Standards fund	-	62
	<u>8,285</u>	<u>8,187</u>

3 Tuition Fees and Education Contracts

	2011 £000	2010 £000
UK Further Education students	123	145
	<u>123</u>	<u>145</u>

4 Other Income

	2011 £000	2010 £000
Release of non-funding body deferred capital grants (note 14)	124	124
Other income generating activities	276	221
Other income	265	131
	<u>665</u>	<u>476</u>

5 Investment Income

	2011 £000	2010 £000
Bank interest receivable	27	27
	<u>27</u>	<u>27</u>

St Francis Xavier College

Notes to the financial statements for the year ended 31 July 2011

6 Staff Costs

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

	2011 Number	2010 Number
Teaching staff	93	89
Non teaching staff	60	59
	<u>153</u>	<u>148</u>

Staff costs for the above persons:

	2011 £000	2010 £000
Wages and salaries	5,437	5,174
Social security costs	413	394
Other pension costs (including FRS 17 adjustments of £48,000 - 2010 (£15,000))	677	573
	<u>6,527</u>	<u>6,141</u>

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

	2011 £000	2010 £000
Employment costs for staff on permanent contracts	6,479	6,156
FRS 17 retirement benefit charge	48	(15)
	<u>6,527</u>	<u>6,141</u>

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

	Senior post-holders		Other Staff	
	2011 No.	2010 No.	2011 No.	2010 No.
£ 60,001 to £ 70,000	-	1	3	2
£ 70,001 to £ 80,000	-	-	1	-
£ 80,001 to £ 90,000	1	-	-	-
£ 110,001 to £ 120,000	-	1	-	-
£ 120,001 to £ 130,000	1	-	-	-
	<u>2</u>	<u>2</u>	<u>4</u>	<u>2</u>

A general pay award of 0.75% was made which was approved by the Board of Governors.

St Francis Xavier College

Notes to the financial statements for the year ended 31 July 2011

7 Senior Post-holders' Emoluments

Senior post-holders are defined as the Principal and holders of the other senior posts whom the Governing Body has selected for the purpose of the articles of government of the College relating to the appointment and promotion of staff who are appointed by the Governing Body.

	2011 No.	2010 No.
The number of senior post-holders including the Principal was:	3	3
Senior post-holders' emoluments are made up as follows:		
	2011 £000	2010 £000
Salaries	200	193
Benefits in kind	2	2
Pension contributions	29	26
Total emoluments	231	221

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

	2011 £000	2010 £000
Salary	110	101
Benefits in kind	2	1
	112	102
Pension contributions	16	14

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

The Governors of the Board other than the Principal and the staff member 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, including the Principal and other higher paid staff received no pay increase as agreed by the Remuneration Committee. No bonuses or other salary enhancements were awarded to senior post holders or other higher paid staff.

St Francis Xavier College

Notes to the financial statements for the year ended 31 July 2011

8 Other Operating Expenses

	2011	2010
	£000	£000
Teaching costs	635	638
Non teaching costs	743	863
Premises costs	297	377
Pension finance costs (note 21)	28	61
Total	<u>1,703</u>	<u>1,939</u>
Other operating expenses include:	2011	2010
	£000	£000
Auditor's remuneration:		
- financial statements audit (including regularity audit)	14	15
- internal audit	<u>10</u>	<u>11</u>

St Francis Xavier College

Notes to the financial statements for the year ended 31 July 2011

9 Tangible Fixed Assets

	Land and Buildings			Equipment £000	Total £000
	Freehold £000	Long Leasehold £000	Owned by third party £000		
Cost or Valuation					
At 1 August 2010	6,734	228	7,000	2,435	16,397
Additions	68	16	-	249	333
Disposals	-	-	-	(3)	(3)
At 31 July 2011	6,802	244	7,000	2,681	16,727
Depreciation					
At 1 August 2010	1,515	52	650	1,949	4,166
Charge for year	227	6	65	249	547
Eliminated in respect of disposals	-	-	-	(3)	(3)
At 31 July 2011	1,742	58	715	2,195	4,710
Net book value At 31 July 2011	5,060	186	6,285	486	12,017
<i>Net book value At 31 July 2010</i>	<i>5,219</i>	<i>176</i>	<i>6,350</i>	<i>486</i>	<i>12,231</i>
Financed by capital grant	4,292	-	2,535	172	6,999
Other	768	186	3,750	314	5,018
Net book value At 31 July 2011	5,060	186	6,285	486	12,017

The transitional rules set out in FRS 15 Tangible Fixed Assets have been applied on implementing FRS15. Accordingly, the book values at implementation have been retained.

Finance lease

Included above is equipment under a finance lease, cost £133,562, depreciation £37,100 with a net book value of £96,462.

Freehold and long leasehold land and buildings

Land and buildings were valued in 1996 at depreciated replacement cost by a firm of independent chartered surveyors. Other tangible fixed assets inherited from the LEA at incorporation have been valued by the College on a depreciated replacement cost basis with the assistance of independent professional advice.

Land and buildings owned by a third party

Land and buildings owned by the Diocese of Southwark were valued on a depreciated replacement cost basis as at 1 April 2001 by a firm of independent chartered surveyors.

St Francis Xavier College
Notes to the financial statements for the year ended 31 July 2011

10 Debtors

	2011 £000	2010 £000
Amounts falling due within one year		
Trade debtors	36	47
Prepayments and accrued income	210	459
	<u>246</u>	<u>506</u>

11 Creditors: Amounts Falling Due Within One Year

	2011 £000	2010 £000
Payments received in advance	49	43
Trade creditors	69	245
Other creditors	51	4
Accruals	357	437
	<u>526</u>	<u>729</u>

12 Creditors: Amounts Falling Due After More Than One Year

	2011 £000	2010 £000
VAT - Lennartz claim	134	143
	<u>134</u>	<u>143</u>

The Lennartz VAT claim relates to VAT reclaimed on the new build cost of the courtyard infill. Following changes in tax legislation, the claim was agreed with HM Revenue & Customs after the year end and the liability settled

13 Provisions for Liabilities and Charges

	Enhanced pensions £000
At 1 August 2010	73
Expenditure in the period	(2)
Transferred from income and expenditure account	4
At 31 July 2011	<u>75</u>

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

St Francis Xavier College
Notes to the financial statements for the year ended 31 July 2011

14 Deferred Capital Grants

	Funding Council £000	Other Grants £000	Total £000
At 1 August 2010			
Land and buildings	1,698	5,328	7,026
Equipment	260	-	260
	<u>1,958</u>	<u>5,328</u>	<u>7,286</u>
 Cash received			
Land and buildings	574	-	574
	<u>574</u>	<u>-</u>	<u>574</u>
 Release to income and expenditure account			
Land and buildings	75	124	199
Equipment	88	-	88
	<u>163</u>	<u>124</u>	<u>287</u>
 At 31 July 2011			
Land and buildings	1,623	5,204	6,827
Equipment	172	-	172
Capital funding not yet spent	574	-	574
Total	<u><u>2,369</u></u>	<u><u>5,204</u></u>	<u><u>7,573</u></u>

15 Movement on General Reserves

	2011 £000	2010 £000
General Reserve		
At 1 August 2010	5,300	4,963
Surplus on continuing operations after depreciation of assets at valuation, disposal of assets and tax	323	254
Transfer from restricted fund	-	2
Actuarial gain in respect of pension scheme	350	81
At 31 July 2011	<u><u>5,973</u></u>	<u><u>5,300</u></u>
Balance represented by:		
Pension reserve	(1,035)	(1,309)
General reserve excluding pension reserve	7,008	6,609
At 31 July 2011	<u><u>5,973</u></u>	<u><u>5,300</u></u>

St Francis Xavier College

Notes to the financial statements for the year ended 31 July 2011

16 Restricted Reserves

	2011 £000	2010 £000
Trust accounts	3	3
At 31 July 2011	<u>3</u>	<u>3</u>

17 Reconciliation of Operating Surplus to Net Cash Inflow from Operating Activities

	2011 £000	2010 £000
Surplus on continuing operations after depreciation of assets	323	254
Depreciation (note 9)	547	501
Interest receivable (note 5)	(27)	(27)
Pension cost less contributions payable (note 6 and 21)	76	46
Deferred capital grants released to income (note 14)	(287)	(301)
Decrease/(increase) in debtors	260	(166)
(Decrease)/increase in creditors	(212)	266
Increase in provisions	2	1
Net cash inflow from operating activities	<u>682</u>	<u>574</u>

18 Returns on Investments and Servicing of Finance

	2011 £000	2010 £000
Bank interest received	27	27
Net cash inflow from returns on investment and servicing of finance	<u>27</u>	<u>27</u>

19 Capital Expenditure and Financial Investment

	2011 £000	2010 £000
Purchase of tangible fixed assets	(333)	(112)
Capital grants received	574	-
Net cash outflow from capital expenditure and financial investment	<u>241</u>	<u>(112)</u>

20 Analysis of Changes in Net Funds

	At 1 August 2010 £000	Cash flows £000	At 31 July 2011 £000
Cash in hand and at bank	2,106	950	3,056
Net funds	<u>2,106</u>	<u>950</u>	<u>3,056</u>

St Francis Xavier College

Notes to the financial statements for the year ended 31 July 2011

21 Pension and similar obligations

The College's employees belong to two principal pension schemes, the Teachers' Pension Scheme England and Wales (TPS) for academic and related staff; and the Local Government Pension Scheme (LGPS) for non-teaching staff. Both are defined-benefit schemes.

Total pension cost for the year	2011	2010
	£000	£000
Teachers Pension Scheme: contributions paid	456	432
Local Government Pension Scheme:		
Contributions paid	173	156
FRS17 charge	48	(15)
Charge to the General Reserve (Staff costs)	<u>221</u>	<u>141</u>
Total pension cost for the year	<u>677</u>	<u>573</u>

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

There were no outstanding or prepaid contributions at either the beginning or the end of the financial year.

Teachers' Pension Scheme

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

The pensions cost is assessed no less than every four years in accordance with the advice of the Government Actuary. The assumptions and other data that have the most significant effect on the determination of the contribution levels are as follows:

Latest actuarial valuation	31 March 2004
Actuarial method	Prospective Benefits
Investment returns per annum	6.5% per annum
Salary scale increases per annum	5.0% per annum
Market value of assets at date of last valuation	£162,650 million

Proportion of members' accrued benefits covered by the actuarial value of the assets 98.88%

Following the implementation of Teacher's Pension (Employers' Supplementary Contributions) Regulations 2000, the Government Actuary carried out a further review on the level of employer contributions. For the year to 31 July 2011 the employer contribution was 14.1%. The employee rate was 6.4% for the same period.

FRS 17

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

St Francis Xavier College

Notes to the financial statements for the year ended 31 July 2011

21 Pension and similar obligations (continued)

Local Government Pension Scheme

The LGPS is a funded defined benefit scheme, with the assets held in separate trustee administered funds. The total contribution made for the year ended 31 July 2011 was £243,000 (2010 - £218,000) of which employers' contributions totalled £173,000 (2010 - £156,000) and employees' contributions totalled £69,000 (2010 - £62,000). The agreed contribution rates are 16.5% for employers and 6% for employees.

FRS 17

The following information is based upon a full actuarial valuation of the Fund at 31 March 2007 updated to 31 July 2011 by a qualified independent actuary.

	At 31 July 2011	At 31 July 2010
Inflation assumption (RPI)	3.5%	3.2%
Inflation assumption (CPI)	2.7%	2.7%
Rate of increase in salaries	4.5%	4.7%
Rate of increase for pensions in payment/inflation	2.7%	2.7%
Discount rate for liabilities	5.3%	5.4%

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

	At 31 July 2011	At 31 July 2010
Current pensioners		
. Males	19.9	19.6
. Females	23.9	22.5
Future pensioners		
. Males	22.0	20.7
. Females	25.8	23.6

The College's assets and liabilities in the scheme and the expected rates of return were:

	Long-term rate of return expected at 31 July 2011	Value at 31 July 2011 £000	Long-term rate of return expected at 31 July 2010	Value at 31 July 2010 £000
Equities	6.8%	2,000	7.3%	1,679
Target Return Portfolio	4.5%	319	4.5%	292
Alternative Assets	5.8%	406	6.3%	365
Cash	3.0%	116	3.0%	49
Other Bonds	5.3%	58	5.4%	49
Total Market Value of assets		<u>2,899</u>		<u>2,434</u>

St Francis Xavier College
Notes to the financial statements for the year ended 31 July 2011

21 Pension and similar obligations (continued)

Local Government Pension Scheme (continued)

	Year ended 31 July 2011 £000	Year ended 31 July 2010 £000
Estimated employer assets	2,899	2,434
Present value of scheme liabilities	(3,934)	(3,743)
(Deficit) in the scheme	<u>(1,035)</u>	<u>(1,309)</u>

Analysis of the amount charged to income and expenditure account

	2011 £000	2010 £000
Employer service cost (net of employee contributions)	221	141
Total operating charge	<u>221</u>	<u>141</u>

Analysis of pension finance income/(costs)

Expected return on pension scheme assets	170	147
Interest on pension liabilities	(198)	(208)
Pension finance costs	<u>(28)</u>	<u>(61)</u>

Amount recognised in the statement of total recognised gains and losses (STRGL)

Actuarial gains on pension scheme assets	106	67
Actuarial gains on scheme liabilities including CPI credit of £nil (2010 - £178,000)	244	14
Actuarial gain recognised in STRGL	<u>350</u>	<u>81</u>

Movement in deficit during year

Deficit in scheme at 1 August 2010	(1,309)	(1,344)
Movement in year:		
Employer service cost (net of employee contributions)	(221)	(141)
Employer contributions	173	156
Net interest on assets	(28)	(61)
Actuarial gain	350	81
Deficit in scheme at 31 July 2011	<u>(1,035)</u>	<u>(1,309)</u>

St Francis Xavier College
Notes to the financial statements for the year ended 31 July 2011

21 Pension and similar obligations (continued)

Local Government Pension Scheme (continued)

Asset and Liability Reconciliation

	2011	2010
	£000	£000
Reconciliation of Liabilities		
Liabilities at 1 August 2010	3,743	3,390
Current service cost	221	141
Interest cost	198	208
Employee contributions	69	62
Actuarial gains	(244)	(14)
Estimated benefits paid	(53)	(44)
Liabilities at 31 July 2011	<u>3,934</u>	<u>3,743</u>

	2011	2010
	£000	£000
Reconciliation of assets		
Assets at 1 August 2010	2,434	2,046
Expected return on assets	170	147
Employee contributions	69	62
Employer contributions	173	156
Actuarial gains	106	67
Estimated benefits paid	(53)	(44)
Assets at 31 July 2011	<u>2,899</u>	<u>2,434</u>

2011 2010 2009 2008 2007

History of experience gains and losses

Difference between the expected and actual return on assets:

amount (£000)	106	67	(274)	(216)	78
% of scheme assets	<u>3.70%</u>	<u>2.80%</u>	<u>-13.40%</u>	<u>-11.50%</u>	<u>4.20%</u>

Experience gains and losses on scheme liabilities:

amount (£000)	552	-	-	2	(1)
% of scheme liabilities	<u>14.0%</u>	<u>0.0%</u>	<u>0.0%</u>	<u>0.0%</u>	<u>0.0%</u>

Total amount recognised in STRGL

amount (£000)	350	(97)	(626)	(214)	308
% of scheme liabilities	<u>8.9%</u>	<u>2.6%</u>	<u>18.5%</u>	<u>8.2%</u>	<u>13.2%</u>

St Francis Xavier College
Notes to the financial statements for the year ended 31 July 2011

22 Financial Commitments

At 31 July 2011 the College had annual commitments under non-cancellable operating leases as follows:

	2011 £000	2010 £000
Land and Buildings		
Expiring in over five years	15	37
	<u>15</u>	<u>37</u>
Other		
Expiring within two and five years inclusive	32	31
	<u>32</u>	<u>31</u>

23 Related Party Transactions

Owing to the nature of the College's operations and the composition of the Board of Governors being drawn from local public and private sector organisations it is inevitable that transactions will take place with organisations in which a member of the Board of Governors may have an interest. All transactions involving such organisations are conducted at arm's length and in accordance with the College's financial regulations and normal procurement procedures.

24 Amounts disbursed as agent

Learner Support funds	2011 £000	2010 £000
Access Funds		
Funding body grants	135	166
Interest earned	-	-
	<u>135</u>	<u>166</u>
Disbursed to students	(128)	(158)
Admin fees	(7)	(8)
	<u>-</u>	<u>-</u>
Balance unspent as at 31 July	<u>-</u>	<u>-</u>

The above funding body grants are available solely for students. In the majority of instances, the College only acts as a paying agent. In these circumstances, the grants and related disbursements are therefore excluded from the Income and Expenditure Account.

25 Post-balance sheet events

Since the balance sheet date, the global economic downturn has resulted in volatility in investment markets. As a result, there is an increased risk that the value of investments held indirectly by the College (through the pension fund) may have deteriorated. However, any such deterioration is considered to be a non adjusting event and as such has not been reflected in these financial statements.