

Liverpool College Independent School Trust

Annual Report and Consolidated
Financial Statements

For The Year Ended
31 August 2017

LIVERPOOL COLLEGE INDEPENDENT SCHOOL TRUST

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LIVERPOOL COLLEGE INDEPENDENT SCHOOL TRUST

COMPANY INFORMATION

Members	I Evans M Mason D Parry Richards (resigned 31.08.17)
Governors	I Evans – (Chairman to 31.08.17) M Mason- (Deputy Chair and Chair from 01.09.17) K McCaughey - (until 31.08.17) C Turbitt (from 01.09.17) H van Mourik Broekman - (Principal & Accounting Officer) D Parry Richards (until 31.08.17) T Nichol (appointed 26.06.17) Dr S Carr A Case K Clarke Dr H Eccles Dr N Kalakonda (resigned 17.03.17) C Thompson Professor S Holloway Professor K Atkinson R Morgan Dr L Parr (appointed 15.05.17) Dr O Barden (appointed 19.10.17) T Hallam (appointed 19.10.17) W R E L Thompson
Company Secretary	
Senior Leadership Team	
Principal	H van Mourik Broekman
Vice Principal	Mrs H Cassidy
Vice Principal	Mrs K Reid (resigned 31.08.17)
Vice Principal	Mrs A Haynes (appointed 01.09.17)
Head of Preparatory School	Mrs S Nelson (retired 31.08.17)
Head of Preparatory School	Mrs A Pease (appointed 01.09.17)
Head of Pre-prep	Mrs G Gannon
Bursar	W R E L Thompson
Director of Finance	C Flynn
Registered office	Liverpool College Mossley Hill Liverpool L18 8BG
Company Registration Number	08565932
Auditors	MHA Moore and Smalley Chartered Accountants & Statutory Auditor Richard House Winckley Square Preston PR1 3HP
Bankers	Barclays Bank Plc 48b and 50 Lord Street Liverpool L2 1TD
Solicitors	Brabners LLP Horton House Exchange Flags Liverpool L2 3YL

LIVERPOOL COLLEGE INDEPENDENT SCHOOL TRUST
GOVERNORS' REPORT
FOR THE YEAR ENDED 31 AUGUST 2017

The governors present their annual report together with the consolidated financial statements and auditor's report of the charitable company and subsidiary for the period from 1 September 2016 to 31 August 2017.

The annual report serves the purposes of both a trustees' report and a directors' report under company law.

The trust operates an all through academy for pupils aged 4-19 serving a catchment area in South Liverpool and beyond. On the January 2017 census the college had 1,198 pupils on roll (excluding nursery)

Structure, Governance and Management

Constitution

Liverpool College converted to Liverpool College Independent School Trust ('The Academy') on 1 September 2013. The Academy is a company limited by guarantee and an exempt charity. The Charitable Company's memorandum and articles of association are the primary governing documents of the Academy for the purposes of company law.

The Academy was incorporated on 12 June 2013 and commenced its activities on transfer from the Liverpool College on the conversion date stated above.

The governors act as the trustees for the charitable activities of the Academy and are also the directors of the Charitable Company for the purposes of company law. The Charitable Company is known as Liverpool College Independent School Trust.

Details of the governors who served throughout the year, except as noted, are included in the Reference and Administrative Details on page 1.

Members' liability

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

Governors' indemnities

The Academy has purchased indemnity insurance to protect governors and officers from claims arising in connection with Academy business. The insurance provides cover of up to £1,000,000 on any one claim.

Method of recruitment and appointment or election of governors

The procedure for the recruitment, appointment and election of governors is set out in the company's articles of association. The Liverpool College trustees oversee the operation of the Academy by the Governors. The Liverpool College trustees are independent of the Governing Body and are responsible for approving members to serve on the Governing Body. These trustees do not serve on the Governing Body but work within the framework set out in the Articles. The Governing Body shall comprise no more than seventeen members comprising the Principal (ex-officio), up to twelve Foundation Governors, one governor appointed by the Vice Chancellor of the University of Liverpool, one staff governor and so nominated by the staff, and two governors being appointed as parental representatives, having undertaken a nomination and ballot exercise within the pupil parent body.

LIVERPOOL COLLEGE INDEPENDENT SCHOOL TRUST
GOVERNORS' REPORT (CONTINUED)
FOR THE YEAR ENDED 31 AUGUST 2017

Method of recruitment and appointment or election of governors (continued)

The Governors are appointed by the following:

Parent governors	Elected by parents of the pupils of the Academy
Staff governor	Elected by staff of the Academy
Foundation governors	Appointed by the Trustees of Liverpool College
University governor	Appointed by the Vice Chancellor of the University of Liverpool

Policies and procedures adopted for the induction and training of governors

The Academy maintains an induction handbook for new governors. The Academy also funds, via an external provider, training opportunities for Governors, including specific induction training.

Organisational structure

The Academy is governed by its Governing Body, whose members are directors of the charitable company for the purposes of the Companies Act 2006 and trustees for the purposes of charity legislation. The organisational structure of the Academy consists of 3 levels: the Governing Body, the Principal, and the Senior Leadership Team.

The Governing Body is responsible for setting general policies, adopting a school development plan and budget, monitoring the Academy's performance, making major policy decisions, appointing senior staff, and through its various committees, overseeing the general strategic operation of the Academy. Certain elements of these responsibilities are delegated to the following sub committees who make recommendations to the full Governing Body:

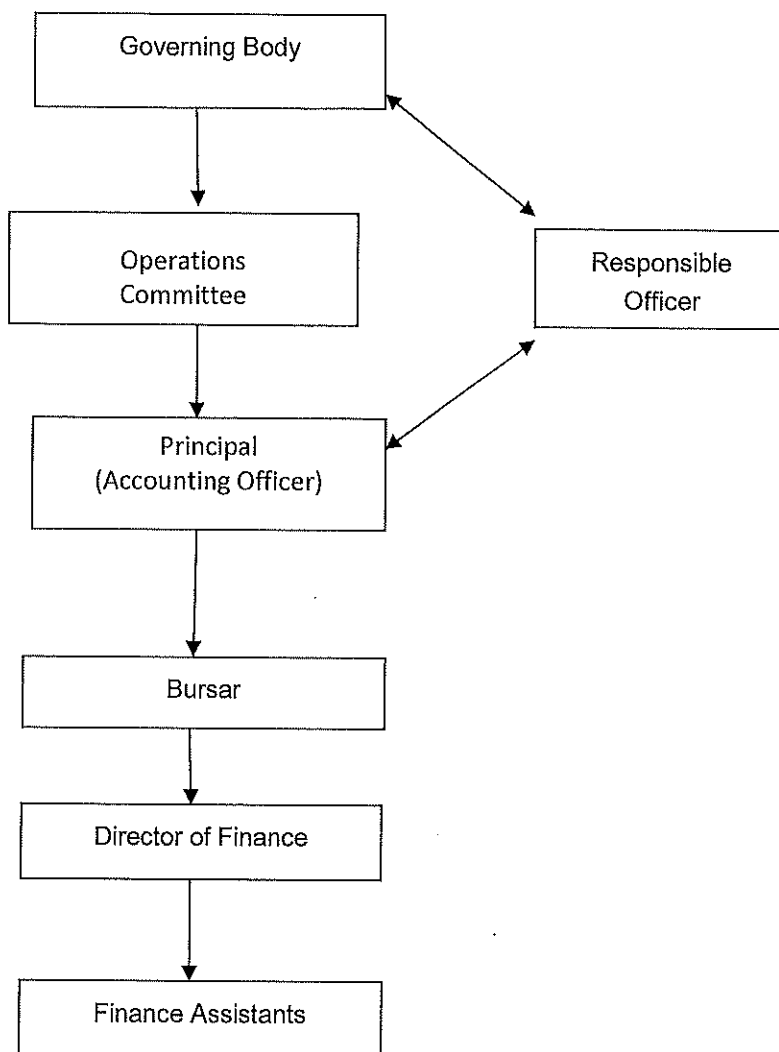
- Education
- Operations
- Strategy

The Principal is also the Accounting Officer and in addition to the responsibilities associated with this role has responsibility for the strategic direction of the Academy, the day to day management of the Academy and its curriculum delivery.

The Senior Leadership Team comprises:

- H van Mourik Broekman
- Mrs K Reid (resigned 31.08.17)
- Mrs H Cassidy
- Mrs A Haynes (appointed 01.09.17)
- Mrs S Nelson (retired 31.08.17)
- Mrs A Pease (appointed 01.09.17)
- Mrs G Gannon
- WREL Thompson
- C Flynn

The Operations Committee (formerly the Finance, Estates and Resources Committee) of the Governing Body together with the Principal, Bursar and Director of Finance will ensure the effective allocation of resources to appropriate budget holders for staffing, premises, administration, curriculum resources and pupil services. An annual budget is presented to the Governing Body for approval and regular financial statements are reviewed by the Governing Body, initially via its Operations Committee. Various levels of responsibility are set out in the Academy's Financial Procedures Manual and, as required in these procedures, governors make decisions when required and as appropriate as set out therein.



Arrangements for setting pay and remuneration of key management personnel

The Governors Pay Committee meets to consider the pay and remuneration of the academy's key management personnel. Staff, who are paid on the Leadership Spine must demonstrate sustained high-quality performance, with particular regard to leadership, management and pupil progress at the school and will be subject to a review of performance against performance objectives before any performance points will be awarded. Annual pay progression within the range for this post is not automatic and is linked to performance.

All key management are performance managed and have their whole school targets set as well as specific personal targets. These targets are reviewed as part of the performance management process. This is done within the framework of the Governors' Pay Policy.

**LIVERPOOL COLLEGE INDEPENDENT SCHOOL TRUST
GOVERNORS' REPORT (CONTINUED)
FOR THE YEAR ENDED 31 AUGUST 2017**

Related parties and other connected charities and organisations

The Academy has been formed out of the former Liverpool College Independent School. The Liverpool College Foundation continues to exist and supports the work of the Academy. Following a strategic review of its operations the Foundation ceased to offer International and boarding facilities to eligible students from 1st September 2016. The Academy has agreed to carry on the boarding education provisions and this provision is currently under discussion with the ESFA whilst a strategy is agreed going forward. As the original College was founded in 1840 a number of historic links, particularly to former pupils, exist and this may be a source of donations or other financial support to the Academy going forward.

Objectives and Activities

Objects and Aims

The main objects of the Academy as set out in its governing document are:

To advance, for the public benefit, education in the United Kingdom, in particular but without prejudice to a generality of the foregoing, by establishing, maintaining, carrying on, managing and developing a Church of England school designated as such which shall offer a broad and balanced curriculum and shall be conducted in accordance with the principles, practices and tenets of the Church of England including any Memorandum and Articles governing the use of land used by the Academy both generally and in particular in relation to arranging for religious education and daily acts of worship and having regard to any advice issues by the Diocesan Bishop.

Strategies and Activities

The Academy's main strategy is encompassed in its mission statement and its school motto which is:

Non Solum ingenii verum etiam virtutis - Not only the Intellect but also the Character.

Mission Statement - Liverpool College values the dignity of each individual and promotes the development of character and learning through a commitment to high standards within a caring community.

Core Values

We recognise that all pupils have different talents and strive to ensure that every pupil has an equal opportunity to find and develop the talents they do possess

We believe that the development of spirituality, character, intellect and creativity are the primary aims of education.

We work together to create a happy and caring school community which is engaged in our local community and the wider world

We pursue high standards in every area of school life

To this end the activities provided include:

- Tuition and learning opportunities for all pupils to attain appropriate academic qualifications
- Training opportunities for all staff, especially teaching staff
- A programme of sporting and after school leisure activities for all pupils.
- A system of after school clubs to allow pupils to explore topics in a practical manner

LIVERPOOL COLLEGE INDEPENDENT SCHOOL TRUST
GOVERNORS' REPORT (CONTINUED)
FOR THE YEAR ENDED 31 AUGUST 2017

Objectives, strategies and activities

The main objectives for the period were:

- To continue to manage the transition from an Independent School to an Academy
- To work with the Education and Skills Funding Agency (ESFA) to further develop a strategy for the future funding of the Academy and its projected growth

These were achieved by working with the ESFA, Governing Body, Trustees, Staff, parents and other associated parties.

Public benefit

In setting objectives and planning activities, the Board of Governors have paid due regard to the published guidance from the Charity Commission on the operation of the Public Benefit requirement under the Charities Act 2006.

Strategic Report

Achievements and Performance

During the course of the period the Principal has reported on the following:

- Academic Results
- Admissions and admission appeals
- Assessment updates
- Attendance strategies
- Behaviour for Learning
- Boarding
- Careers
- Classics for All/ Liverpool Classics Hub
- College Fund and Capital Income Donations
- College Improvement Plan – Development and Review
- Dashboard – data analysis and information
- Intervention
- Local Authority and Pre-Prep Expansion Plans
- Local Leader in Education
- Liverpool Challenge
- Liverpool Learning Partnership
- Mathematics Mastery
- Mission Review and Character Education
- Multi Academy Trusts
- Partnership with China
- Performance Management and BlueSky
- Policy updates and associated process
- Pupil Premium funding
- Safeguarding
- Schools Direct
- Schools of Character
- Staffing, staffing issues and School Organisation (including Leadership Structures)
- Strategy and Development
- Talk for Writing
- Teaching and Learning – monitoring and developments
- Writing strategies

LIVERPOOL COLLEGE INDEPENDENT SCHOOL TRUST

GOVERNORS' REPORT (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2017

Key performance indicators

This reporting period represents the Academy's fourth period of operation and it has set strategic goals related to achievement, progress, engagement, destinations and its provision. These goals are monitored closely by the Board of Governors. Some 987 pupils applied and sat the banding test in October 2016 for admission to year 7 of the College in September 2017. All the children sat the banding test in line with the funding agreement. Total main school pupils in the academic year ended 31st August 2017 numbered 1198 (excluding Nursery but including 242 in the sixth form) and the Academy had full complements in all year groups up to and including Year 11. A total of 90 admission appeals were heard during the course of the year.

The College provides a balanced curriculum that encourages students to achieve their potential. Highlights of the 2017 examination results include 63% A*-B pass rates at A level (2016 – 62%) and 31% A*-A pass rates at GCSE (2016 – 34%).

Student attendance to Michaelmas 2017 (full year 2015/16 and 2014/15 figures shown for comparison purposes)

	Pre-prep	Prep School	Upper School	Sixth Form	Whole School
2016/17	95.7%	96.8%	95.5%	93.5%	95.3%
2015/16	95.7%	96.1%	95.2%	91.2%	95.6%
2014/15	96.9%	95.5%	93.5%	91.1%	93.8%

- Punctuality – Report showing percentage of pupils in terms of lateness to Michaelmas 2017

	Pre-prep	Prep School	Upper School	Sixth Form	Whole School
2016/17	0.5%	1.2%	1.7%	2.7%	1.7%
2015/16	0.5%	0.9%	1.9%	3.6%	1.9%
2014/15	0.3%	1.6%	1.9%	3.0%	1.6%

- Achievement – Results from external examination are as follows:

	A*-B at A' Level	A*-E at A'Level	A*-A at GCSE	5 A*-C (inc Eng & Maths)
2017	63%	99%	31%	90%
2016	62%	100%	34%	84%
2015	55%	100%	36%	74%

- Staff Turnover

	Retirements	Alternative Employment	Other leaver	Recruitment
Teaching	4	3	6	7
Support	1	2	4	16

- Staff Ratios

Pupil teacher ratio is 1:17.9

LIVERPOOL COLLEGE INDEPENDENT SCHOOL TRUST
GOVERNORS' REPORT (CONTINUED)
FOR THE YEAR ENDED 31 AUGUST 2017

Going concern

Free reserves as at the end of August 2017 are £520,697. The budget for 2017/18 currently shows an in year overspend of £440k. The Trust is currently in consultation with the ESFA with regard to receiving exceptional growth funding for the year ended 31 August 2018 in order to offset this potential deficit. Should the funding not be awarded the Trust has sufficient reserves to fund the proposed deficit for 2017/18 and would also review its cost base in order to minimise the impact of the additional funding not being received.

Having consideration of the above, and after making appropriate enquiries, the Governing Body therefore has a reasonable expectation that the Academy has adequate resources to continue in operational existence for the foreseeable future. For this reason it continues to adopt the going concern basis in preparing the financial statements. Further details regarding the adoption of the going concern basis can be found in the Statement of Accounting Policies.

Financial Review

The Academy's total incoming resources during the period were £8,222,123 (2016: £6,958,587).

The majority of the Academy's income derives from central government funding via the Education and Skills Funding Agency, in the form of current grants. Total funding received for the School's educational operations in the period was £6,912,262 (2016: £6,350,654, including capital grants) and further details are provided in Note 3 to the accounts.

Total outgoing resources for the period were £8,547,153 (2016 £7,614,852), the majority of which related to the direct provision of educational operations (£7,984,537). The excess of expenditure over income was £292,809.

At the period end the Academy's total reserves were £33,451,482, including unrestricted funds of £397,366, general restricted funds of £123,331, pension reserve of (£98,000) and restricted fixed asset funds of £33,028,785. The balances on general restricted funds relate to £123,331 of funding received in the period which is due to be spent in 2017/18 in accordance with the terms of funding. Further detail is provided in Note 15.

At 31 August 2017 all assets shown in the financial statements were used exclusively for providing education and associated support services to students of the Academy.

LIVERPOOL COLLEGE INDEPENDENT SCHOOL TRUST
GOVERNORS' REPORT (CONTINUED)
FOR THE YEAR ENDED 31 AUGUST 2017

Reserves policy

The Governors review reserve levels of the Academy annually. This review encompasses the nature of the income and expenditure stream, the need to match income with commitments, the uncertainty surrounding the levels of future funding and the nature of reserves.

It is the Governors' aim to build a reserve to compensate for anticipated reductions in income for capital works (Devolved Formula Capital), loss of transitional funding associated with the agreement with the ESFA, equalisation of sixth form funding, removal of the Education Services Grant (ESG) and changes to the local and national funding formulas.

Restricted GAG reserves

The Governors have considered the level of GAG reserves which they believe will provide sufficient working capital to cover delays between the spending and receipt of grants and unexpected or planned future revenue and capital costs. The Governors believe that, under normal circumstances, the appropriate level of GAG reserve should be between 2% and 5% of GAG income and aim to keep the reserve within these parameters.

At 31 August 2017 the school only held GAG reserves of £2,869. The Governors will seek to increase this reserve in future years as funding allows.

Unrestricted reserves

In addition to the GAG reserve, which can only be utilised for the restricted purposes set out in the Funding Agreement, the Academy holds unrestricted free reserves, which provide additional working capital and are not committed or designated. It is the Governors' policy to aim to hold approximately 3 months' expenditure in unrestricted reserves, to provide an additional cushion over and above the restricted GAG reserve.

At 31 August 2017 the level of unrestricted reserves held was £397,366.

Investment policy

All investments are agreed by the Governing Body, which has regard to the Charity Commission guidance in relation to charity investment policy. The Academy does not currently hold any investments other than cash, which is held for its normal operations. The Governing Body has adopted a low risk strategy to its cash holdings. Surplus cash is held in an instant access account to ensure that there is always sufficient cash to meet short and medium-term requirements.

Principal risks and uncertainties

One of the considerations involved in the decision to convert from a fee paying Independent School to an Academy was the uncertainty surrounding pupil numbers. In consultation with the DfE the Academy has developed its plans to address this issue which does include an element of risk if the pupil numbers do not materialise as forecast. Initial indications show that the Academy is on track to meet its expectations in this regard. Accommodation has been enhanced to provide additional provision. The Academy has a growth plan in respect of pupil numbers to move towards financial viability. Further capital building will be required to accommodate the additional numbers and discussions with regard to funding are currently underway.

Risk management

In the current economic climate funding is always going to feature strongly as a risk factor and in an area with falling rolls and high-quality competition the ability to attract and retain pupils whether at Year 7 or Sixth Form will continue to offer challenges moving forward.

LIVERPOOL COLLEGE INDEPENDENT SCHOOL TRUST
GOVERNORS' REPORT (CONTINUED)
FOR THE YEAR ENDED 31 AUGUST 2017

The Risk and Control Framework

The Academy's system of internal financial control is based upon a framework of regular management information and administrative procedures including a segregation of duties and a system of delegation and accountability, in particular, it includes:-

- Comprehensive budgeting and monitoring systems with an annual budget and periodic financial reports which are reviewed and agreed by Governors
- Regular reviews by the Operations Committee (formerly the Finance, Estates and Resources Committee) of reports which indicate financial performance against the forecasts and of major purchase plans, capital works and expenditure programmes
- Delegation of authority and segregation of duties
- Clearly defined purchasing (asset purchase or capital investment) guidelines
- Setting targets to measure financial and other performance
- Risk assessments undertaken and reviewed on key processes as part of risk management provisions

The Governors have assessed the major risks to which the Academy is exposed, in particular those relating to teaching, health and safety, school trips, child protection, safeguarding and finances. These risks are reviewed on an annual basis by the Bursar. Operational systems are also kept under review and refined, as appropriate, to meet changing needs.

The internal financial systems are based on the Academies Financial Handbook and are documented in the Academy's Financial Procedures Manual. The systems are based on a framework of segregation of duties, schemes of delegation which include authorisation and approval. Financial management information is provided to budget holders and members of the Operations Committee on a monthly basis.

Financial and risk management objectives and policies

The Academy reviews its cash balances daily and ensures that funds are available to meet its liabilities when due.

Plans for future periods

The Governing Body and the Leadership of Liverpool College Independent School Trust have determined the following key aims for the future:

- The strategy of Liverpool College Independent School Trust must rise to the challenges and opportunities identified with imagination, ambition and excellence of development and delivery
- In line with our heritage, we seek to make our own very distinctive contribution to education and the future of young people available to a greater number of pupils within Liverpool and beyond
- The resources and finances required to develop and deliver the strategy are available and committed over the required time period and that the College remains a viable and sustainable Foundation and an establishment of educational excellence

Funds Held as Custodian Trustee on Behalf of Others

The Academy does not act as custodian trustee on behalf of others but it does administer a school fund on behalf of parents in respect of school trips and associated activities.

LIVERPOOL COLLEGE INDEPENDENT SCHOOL TRUST
GOVERNORS' REPORT (CONTINUED)
FOR THE YEAR ENDED 31 AUGUST 2017

Auditor

In so far as the governors are aware:

- there is no relevant audit information of which the Charitable Company's auditor is unaware; and
- the governors have taken all steps that they ought to have taken to make themselves aware of any relevant audit information and to establish that the auditor is aware of that information.

Governors' Report, incorporating strategic report, approved by order of the members of the Governing Body, being the Board of Trustees and Company Directors on 27 November 2017 and signed on its behalf by:

Monica Masc

.....
M Mason
Chair

LIVERPOOL COLLEGE INDEPENDENT SCHOOL TRUST
GOVERNANCE STATEMENT

Scope of responsibility

As governors, we acknowledge we have overall responsibility for ensuring that Liverpool College Independent School Trust has an effective and appropriate system of control, financial and otherwise. However such a system is designed to manage rather than eliminate the risk of failure to achieve 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 ensuring financial controls conform with the requirements of both propriety and good financial management and in accordance with the requirements and responsibilities assigned to it in the funding agreement between Liverpool College Independent School Trust and the Secretary of State for Education. He is also responsible for reporting to the Governing Body any material weaknesses or breakdowns in internal control.

Governance

The information on governance included here supplements that described in the Governors' Report and in the Statement of Trustees' Responsibilities.

The governing body has formally met 6 times during the year. Attendance during the period at meetings of the governing body was as follows:

	Meetings attended	Out of a possible
H van Mourik Broekman – Principal and Accounting Officer	6	6
S Carr – Parent Governor	5	6
A Case	6	6
K Clarke – Parent Governor	5	6
H Eccles	6	6
I R Evans - Chairman	6	6
S Holloway	5	6
N Kalakonda (resigned 17/03/17)	2	6
M Mason	5	6
K McCaughey – Staff Governor	4	6
T Nichol (appointed 26/06/7)	1	1
D Parry-Richards	5	6
L Parr (appointed 15/05/17)	2	2
C Thompson	5	6
K Atkinson	6	6
R Morgan	5	6

The Operations Committee (formerly the Finance, Estates and Resources Committee) is a sub-committee of the main governing body. Its purpose is to monitor financial performance and related activities of the academy on behalf of the Governing Body attendance at meetings in the period was as follows:

	Meetings attended	Out of a possible
H van Mourik Broekman	3	3
K Clarke	2	3
I Evans (Chair)	3	3
M Mason	3	3
D Parry-Richards	1	3
C Thompson	1	3

LIVERPOOL COLLEGE INDEPENDENT SCHOOL TRUST
GOVERNANCE STATEMENT (CONTINUED)

Among the particular issues dealt with within the period were:

- Building and estates issues – CIF bids, Health and safety, future developments, review bids, projects and spending plans
- Approval of Budget Forecast submission for 2017/18 prior to submission to full Governing Body (and ultimately ESFA)
- Future Funding, forecasts, challenges and impact of growth
- 2015/16 accounts review
- Risk Register
- Audit provisions and timetable
- Review of Accounting and Related policies
- Responsible Officer service and associated reports
- 2015/16 Audited Financial Statements
- Boarding Provisions including finance and accommodation issues
- Home to school transport provisions
- Bank Balances
- Staffing related – IT staffing, pensions auto enrolment, apprenticeship levy, Clerking
- Communications with ESFA – specific letters from Chief Executive and Lord Nash
- Academy finance related issues including potential MAT development
- Income generation and Fundraising – college fund, schools direct, donations
- Monthly management accounts review - allow governors to review the financial performance against budget

2016-17 has seen the end of the initial term of office of many of the original Governing Body members. In reviewing its own effectiveness the Governing have sought to build on their strengths and improve the range of skills and abilities available to it through its membership. Two new parent governors have been appointed to the Board in October 2017. The Governing Body hopes that it has recruited well and the Board continues to grow and prosper responding to the new challenges the future holds. The Governors would also like to take this opportunity to thank those Governors who have chosen to stand down, or not seek re-election due to work or family commitments as their dedication and commitment to the College and its continued development cannot go unrecognised.

Review of Value for Money

As Accounting Officer the Principal has responsibility for ensuring that the Academy Trust delivers good value in the use of public resources. The Accounting Officer understands that value for money refers to the educational and wider societal outcomes achieved in return for the taxpayer resources received.

The Accounting Officer considers how the Trust's use of its resources has provided good value for money during each academic year, and reports to the board of trustees where value for money can be improved, including the use of benchmarking data where available. The Accounting Officer for the Academy Trust has delivered improved value for money during the year as evidenced by the following:

- Provision of a balanced curriculum that encourages students to achieve their potential. Highlights of the 2017 examination results include 63% A*-B pass rates at A level (2016 – 62%) and 31% A*-A pass rates at GCSE (2016 – 34%)
- Termly reports to the Operations Committee of the Governing Body
- Operation of the Boarding Provisions on behalf of the Foundation as a further income stream.
- The Governing Body overseeing the operation of the school finance provisions including approval of the budget, review of accounts and the annual audited financial statements
- Robust internal controls, verified via external review
- Review of supply contracts and transport provisions to generate further efficiencies
- Strategic review of nursery provisions resulting in decision to cease the provision at the end of August 2017.
- Invoices reviewed prior to payment and procedures encompassed within a Financial Procedures Manual

LIVERPOOL COLLEGE INDEPENDENT SCHOOL TRUST

GOVERNANCE STATEMENT (CONTINUED)

Review of Value for Money (Continued)

- Orders above the limits identified within our Financial Procedures Manual reviewed prior to authorisation
- Large purchases or contracts have been subject to competitive tendering procedures
- Service contracts have been reviewed, as appropriate, to ensure value for money
- Staffing complement reviewed annually to respond to changes in curriculum delivery or needs of the organisation
- Staffing appointments made on the basis of best person for the post not necessarily the cheapest
- Income generation – the Governors in collaboration with other partners have developed a strategy to secure the financial future of the Academy
- Independent external services are engaged to review internal practices to ensure probity and compliance on behalf of the school and the Trust

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 Academy's policies, aims and objectives, to evaluate the likelihood of those risks being realised and the impact should they be realised, and to manage them efficiently, effectively and economically. The system of internal control has been in place in the Academy for the period from 1 September 2016 to 31 August 2017 and up to the date of approval of the annual report and financial statements.

Capacity to handle risk

The governing body has reviewed the key risks to which the academy trust 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 academy trust's significant risks that has been in place for the period 1 September 2016 to 31 August 2017 and up to the date of approval of the annual report and financial statements. This process is regularly reviewed by the governing body.

The risk and control framework

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

- comprehensive budgeting and monitoring systems with an annual budget and periodic financial reports which are reviewed and agreed by the governing body;
- regular reviews by the Operations Committee of reports which indicate financial performance against the forecasts and of major purchase plans, capital works and expenditure programmes;
- setting targets to measure financial and other performance;
- clearly defined purchasing (asset purchase or capital investment) guidelines;
- delegation of authority and segregation of duties;
- identification and management of risks.

The governing body has considered the need for a specific internal audit function and has decided not to appoint an internal auditor. However, the Governors have appointed MS Finance Ltd, as Responsible Officer ('RO'). The RO's role includes giving advice on financial matters and performing a range of checks on the academy trust's financial systems. The RO reported to the governing body on the operation of the systems of control and on the discharge of the governing body's financial responsibilities.

LIVERPOOL COLLEGE INDEPENDENT SCHOOL TRUST
GOVERNANCE STATEMENT (CONTINUED)

Review of effectiveness

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

The Board

The Governing Body has overall responsibility for the maintenance and review of the effectiveness of the system of internal control. In order to strengthen this overview of internal control the Governors has elected to appoint an external company to provide a Responsible Officer service to provide re-assurance as to the effectiveness of the controls in place. They receive reports from the Operations Committee and its Chair as well as reports from the external auditors. The Governing Body review and approve associated policies including the Financial Procedures Manual which sets out the framework of internal control within the College.

Risk management

Risk assessments have been undertaken to assess the level of risk associated with many Academy operations. This has been further supplemented by the establishment of a Risk Register which is reviewed annually.

Responsible Officer function

An external provider, MS Finance Ltd, provide an independent external RO service. No significant issues have been identified. The Responsible Officer has also helped and contributed to the formulation of the Financial Procedures Manual.

External audit

External auditors were appointed following a competitive tendering exercise and this relationship has been renewed for the fourth year. No significant issues have been identified to date.

Other explicit review/assurance mechanisms.

- The work of the executive managers within the Academy Trust who have responsibility for the development and maintenance of the internal control framework
- The Director of Finance continues to work with the Accounting Officer, staff and Governors to develop and maintain the internal control framework of the College.
- The Bursary staff continue to develop as a team and support the further development of internal controls and best value practices.

The Accounting Officer has been advised of the implications of the result of their review of the system of internal control by the Operations Committee and the new Finance Procedures Manual is designed to regulate the continuous improvement of the system.

Approved by order of the members of the Governing Body on 27.11.17 and signed on its behalf by:

Monica Mason
.....
M Mason
Chair

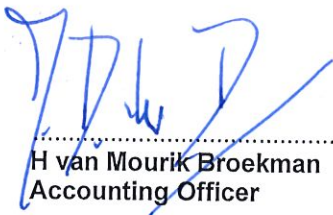
H van Mourik Broekman
.....
H van Mourik Broekman
Accounting Officer

LIVERPOOL COLLEGE INDEPENDENT SCHOOL TRUST
STATEMENT OF REGULARITY, PROPRIETY AND COMPLIANCE

As Accounting Officer of the Academy Trust I have considered my responsibility to notify the academy trust governing body and the Education and Skills Funding Agency (ESFA) of material irregularity, impropriety and non-compliance with ESFA terms and conditions of funding, under the funding agreement in place between the academy trust and the Secretary of State. As part of my consideration I have had due regard to the requirements of the Academies Financial Handbook 2016.

I confirm that I and the academy trust governing body are able to identify any material irregular or improper use of funds by the academy trust, or material non-compliance with the terms and conditions of funding under the academy trust's funding agreement and the Academies Financial Handbook 2016.

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



.....
H van Mourik Broekman
Accounting Officer

27/11/17
.....
Date:

LIVERPOOL COLLEGE INDEPENDENT SCHOOL TRUST
STATEMENT OF GOVERNORS' RESPONSIBILITIES

The governors (who act as trustees for charitable activities and are also directors of the charitable company for the purposes of company law) are responsible for preparing the Governors' Report and the financial statements in accordance with the Annual Accounts Direction published by the Education and Skills Funding Agency, United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice) and applicable law and regulations.

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

- select suitable accounting policies and then apply them consistently;
- observe the methods and principles in the Charities SORP 2015 and the Academies Accounts Direction 2016 to 2017;
- make judgements and estimates that are reasonable and prudent;
- state whether applicable UK Accounting Standards (FRS 102) have been followed, subject to any material departures disclosed and explained in the financial statements; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the academy will continue in business.

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

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

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

Approved by order of the members of the governing body on 27/11/17 and signed on its behalf by:

Monica Mason
.....
M Mason
Chair

LIVERPOOL COLLEGE INDEPENDENT SCHOOL TRUST
INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS
FOR THE YEAR ENDED 31 AUGUST 2017

We have audited the group and parent company financial statements of Liverpool College Independent School Trust for the year ended 31 August 2017 which comprise the Statement of Financial Activities, the Balance Sheet, the Statement of Cash Flows and the notes to the accounts, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 102 The Financial Reporting Standard applicable in the UK and Republic of Ireland (United Kingdom Generally Accepted Accounting Practice), the Charities SORP 2015 and the Academies Accounts Direction 2016 to 2017 issued by the Education and Skills Funding Agency.

Opinion on financial statements

In our opinion the financial statements:

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

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 accounts' section of our report. We are independent of the Academy Trust in accordance with the ethical requirements that are relevant to our audit of the accounts 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

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

- the Trustees' use of the going concern basis of accounting in the preparation of the accounts is not appropriate; or
- the Trustees have not disclosed in the accounts any identified material uncertainties that may cast significant doubt about the Academy Trust's ability to continue to adopt the going concern basis of accounting for a period of at least twelve months from the date when the accounts are authorised for issue.

**LIVERPOOL COLLEGE INDEPENDENT SCHOOL TRUST
INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS
FOR THE YEAR ENDED 31 AUGUST 2017**

Other information

The other information comprises the information included in the annual report, other than the accounts and our auditor's report thereon. The Trustees are responsible for the other information. Our opinion on the accounts 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 accounts, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the accounts or our knowledge obtained in the audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether there is a material misstatement in the accounts or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

Opinions on other matters prescribed by the Companies Act 2006

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

- the information given in the Trustees' Report including the incorporated strategic report for the financial year for which the accounts are prepared is consistent with the accounts; and
- the Trustees' Report including the incorporated strategic report have been prepared in accordance with applicable legal requirements.

Matters on which we are required to report by exception

We have nothing to report in respect of the following matters where the Companies Act 2006 requires us to report to you if, in our opinion:

- adequate accounting records have not been kept or returns adequate for our audit have not been received from branches not visited by us; or
- the financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of governors' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit.

Responsibilities of Trustees

As explained more fully in the Statement of Trustees' Responsibilities, the Trustees are responsible for the preparation of the accounts and for being satisfied that they give a true and fair view, and for such internal control as the Trustees determine is necessary to enable the preparation of accounts that are free from material misstatement, whether due to fraud or error.

In preparing the accounts, the Trustees are responsible for assessing the Academy Trust'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 Trustees either intend to liquidate the charitable company, or have no realistic alternative but to do so.

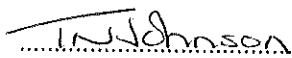
LIVERPOOL COLLEGE INDEPENDENT SCHOOL TRUST
INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS (CONTINUED)
FOR THE YEAR ENDED 31 AUGUST 2017

Auditor's responsibilities for the audit of the financial statements

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

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


This report is made solely to the charitable company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act. Our audit work has been undertaken so that we might state to the charitable company's members those matters we are required to state to them in an auditors' report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the charitable company's members as a body, for our audit work, for this report, or for the opinions we have formed.


.....

Tracey Johnson
Senior Statutory Auditor

For and on behalf of
MHA Moore and Smalley
Chartered Accountants and Statutory Auditor

Richard House
Winckley Square
Preston
PR1 3HP


.....
Date

LIVERPOOL COLLEGE INDEPENDENT SCHOOL TRUST

INDEPENDENT REPORTING ACCOUNTANT'S ASSURANCE REPORT ON REGULARITY TO LIVERPOOL COLLEGE INDEPENDENT SCHOOL TRUST AND THE EDUCATION FUNDING AGENCY

FOR THE YEAR ENDED 31 AUGUST 2017

In accordance with the terms of our engagement letter dated 11 April 2014 and further to the requirements of the Education Funding Agency (ESFA) as included in the Academies: Accounts Direction 2016 to 2017, we have carried out an engagement to obtain limited assurance about whether the expenditure disbursed and income received by the academy trust during the period from 1 September 2016 to 31 August 2017 have been applied to the purposes identified by Parliament and the financial transactions conform to the authorities which govern them.

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

Respective responsibilities of the accounting officer and the reporting accountant

The accounting officer is responsible, under the requirements of the academy trust's funding agreement with the Secretary of State for Education dated 31 July 2013 and the Academies Financial Handbook extant from 1 September 2016, for ensuring that expenditure disbursed and income received is applied for the purposes intended by Parliament and the financial transactions conform to the authorities which govern them.

Our responsibilities for this engagement are established in the United Kingdom by our profession's ethical guidance and are to obtain limited assurance and report in accordance with our engagement letter and the requirements of the Academies: Accounts Direction 2016 to 2017. We report to you whether, in our opinion, anything has come to our attention in carrying out our work which suggests that in all material respects, expenditure disbursed and income received during the period 1 September 2016 to 31 August 2017 have not been applied to purposes intended by Parliament or that the financial transactions do not conform to the authorities which govern them.

Approach

We conducted our engagement in accordance with the Academies: Accounts Direction 2016 to 2017 issued by the ESFA. We performed a limited assurance engagement as defined in our engagement letter.

The objective of a limited assurance engagement is to perform such procedures as to obtain information and explanations in order to provide us with sufficient appropriate evidence to express a negative conclusion on regularity.

A limited assurance engagement is more limited in scope than a reasonable assurance engagement and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in a reasonable assurance engagement. Accordingly, we do not express a positive opinion.

Our engagement includes examination, on a test basis, of evidence relevant to the regularity and propriety of the academy trust's income and expenditure.

The work undertaken to draw our conclusion includes an evaluation of the control environment of the School together with enquiry, analytical review and substantive testing of transactions.

LIVERPOOL COLLEGE INDEPENDENT SCHOOL TRUST

INDEPENDENT REPORTING ACCOUNTANT'S ASSURANCE REPORT ON REGULARITY TO THE
ACADEMY TRUST AND THE EDUCATION FUNDING AGENCY (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2017

Conclusion

In the course of our work, nothing has come to our attention which suggests that in all material respects the expenditure disbursed and income received during the period 1 September 2016 to 31 August 2017 has not been applied to purposes intended by Parliament and the financial transactions do not conform to the authorities which govern them.

MHA Moore & Smalley.....
MHA Moore and Smalley
Chartered Accountants

Richard House
Winckley Square
Preston
PR1 3HP

13 December 2017.....
Date

LIVERPOOL COLLEGE INDEPENDENT SCHOOL TRUST

CONSOLIDATED STATEMENT OF FINANCIAL ACTIVITIES (INCORPORATES THE INCOME AND EXPENDITURE ACCOUNT AND STATEMENT OF TOTAL RECOGNISED GAINS AND LOSSES)

FOR THE YEAR ENDED 31 AUGUST 2017

	Note	Unrestricted general funds £	Restricted general funds £	Restricted fixed asset funds £	Total funds Year ended 31 August 2017 £	Total funds Year ended 31 August 2016 £
Income and endowments from:						
Donations and capital grants	2	79,757	55,406	582,923	718,086	379,899
Charitable activities						
Funding for the Academy's educational operations	3	632,628	6,279,634	-	6,912,262	6,350,654
Provision of boarding activities		406,745	-	-	406,745	-
Other trading activities	4	185,030	-	-	185,030	228,034
Total		1,304,159	6,335,040	582,923	8,222,123	6,958,587
Expenditure on						
Raising funds	5	178,408	-	-	178,408	233,449
Charitable activities:						
Academy trusts educational operations	6	664,946	6,540,125	779,466	7,984,537	7,381,403
Provision of boarding activities	6/27	384,208	-	-	384,208	-
Total	5	1,227,562	6,540,125	779,466	8,547,153	7,614,852
Net income/(expenditure)		76,597	(205,085)	(196,543)	(325,031)	(656,266)
Transfers between funds	15	-	172,814	(172,814)	-	-
Other recognised gains/(losses)						
Actuarial gain/(loss) on defined benefit pension schemes		-	7,000	-	7,000	(32,000)
Net movements in funds		76,597	(25,271)	(369,357)	(318,031)	(688,266)
Funds brought forward at 1 September 2016		320,769	50,599	33,398,145	33,769,513	34,457,779
Funds carried forward at 31 August 2017		397,366	25,328	33,028,788	33,451,482	33,769,513

All of the Academy's activities derive from continuing operations.

LIVERPOOL COLLEGE INDEPENDENT SCHOOL TRUST
BALANCE SHEET
AS AT 31 AUGUST 2017

	Note	Group 2017 £	Group 2016 £	Company 2017 £	Company 2016 £
Fixed assets					
Tangible assets	10	32,618,676	33,398,144	32,618,050	33,397,391
Investments	11	-	-	-	-
Current assets					
Stock	12	2,075	2,064	2,075	2,064
Debtors	13	514,383	304,381	506,981	294,456
Cash at bank and in hand		1,215,161	819,675	1,165,743	779,267
		1,731,619	1,126,120	1,674,799	1,075,787
Creditors: Amounts falling due within one year	14	(800,813)	(698,751)	(738,794)	(660,471)
Net current assets		930,806	427,369	936,005	415,316
Net assets excluding pension liability		33,549,482	33,825,513	33,554,055	33,812,707
Pension scheme liability		(98,000)	(56,000)	(98,000)	(56,000)
Net assets		33,451,482	33,769,513	33,456,055	33,756,707
Funds of the academy:					
Restricted funds					
Fixed asset funds	15	33,028,788	33,398,145	33,028,161	33,397,391
General funds	15	123,327	106,599	123,327	106,599
Pension reserve	15	(98,000)	(56,000)	(98,000)	(56,000)
Total restricted funds		33,054,115	33,448,744	33,053,488	33,447,990
Unrestricted funds	15	397,366	320,769	402,565	308,717
Total funds		33,451,482	33,769,513	33,456,054	33,756,707

These accounts were approved and authorised for issue by the trustees on 27 November 2017 and are signed on their behalf by:

Monica Mason
M Mason – Chair

Company Limited by Guarantee
Registration Number 08565932

LIVERPOOL COLLEGE INDEPENDENT SCHOOL TRUST
 CONSOLIDATED CASH FLOW STATEMENT
 AS AT 31 AUGUST 2017

	Notes	2017 £	2016 £
Cash flows from operating activities	19	73,436	451,082
Cash flows from investing activities	20	322,049	(109,858)
(Decrease)/Increase in cash in the year	21	395,486	341,224
Change in cash and cash equivalents in the reporting period			
Cash and cash equivalents at 1 September 2016		819,675	478,450
Cash and cash equivalents at 31 August 2017		1,215,162	819,675

LIVERPOOL COLLEGE INDEPENDENT SCHOOL TRUST
NOTES TO THE ACCOUNTS
FOR THE YEAR ENDED 31 AUGUST 2017

1 Accounting policies

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

Basis of preparation

The financial statements of the academy trust, which is a public benefit entity under FRS 102, have been prepared under the historical cost convention in accordance with the Financial Reporting Standard Applicable in the UK and Republic of Ireland (FRS 102), the Accounting and Reporting by Charities: Statement of Recommended Practice applicable to charities preparing their accounts in accordance with the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS 102) (Charities SORP (FRS 102)), the Academies Accounts Direction 2016 to 2017 issued by ESFA, the Charities Act 2011 and the Companies Act 2006.

Liverpool College Independent School Trust meets the definition of a public benefit entity under FRS 102.

Going concern

The governors assess whether the use of going concern is appropriate i.e. whether there are any material uncertainties related to events or conditions that may cast significant doubt on the ability of the company to continue as a going concern. The governors make this assessment in respect of a period of one year from the date of approval of the financial statements.

Free reserves as at the end of August 2017 are £520,697. The budget for 2017/18 currently shows an in year overspend of £440k. The Trust is currently in consultation with the ESFA with regard to receiving exceptional growth funding for the year ended 31 August 2018 in order to offset this potential deficit. Should the funding not be awarded the Trust has sufficient reserves to fund the proposed deficit for 2017/18 and would also review its cost base in order to minimise the impact of the additional funding not being received.

As a result of the above, the Governors have concluded that the academy trust has adequate resources to continue in operational existence for the foreseeable future and there are no material uncertainties about the academy trust's ability to continue as a going concern, thus they continue to adopt the going concern basis of accounting in preparing the financial statements.

Basis of Consolidation

The consolidated accounts incorporate the accounts of the Academy and all group undertakings. Acquisitions are accounted for under the acquisition method and goodwill on acquisition has been written of in the year of acquisition.

Incoming resources

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

Grants receivable

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

LIVERPOOL COLLEGE INDEPENDENT SCHOOL TRUST
NOTES TO THE ACCOUNTS
FOR THE YEAR ENDED 31 AUGUST 2017

1 **Accounting policies (Continued)**

Grants receivable (Continued)

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

Capital grants are recognised in full when there is an unconditional entitlement to the grant. Unspent amounts of capital grant are reflected in the balance in the restricted fixed asset fund. Capital grants are recognised when there is entitlement and are not deferred over the life of the asset on which they are expended.

Sponsorship income

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

Donations

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

Other income

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

Donated goods, facilities and services

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

Resources expended

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

• **Expenditure on Raising Funds**

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

• **Charitable Activities**

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

All resources expended are inclusive of irrecoverable VAT.

LIVERPOOL COLLEGE INDEPENDENT SCHOOL TRUST
NOTES TO THE ACCOUNTS (CONTINUED)
FOR THE YEAR ENDED 31 AUGUST 2017

1 Accounting policies (Continued)

Tangible fixed assets

Assets costing £1,000 or more are considered for capitalisation as tangible fixed assets and are carried at cost, net of depreciation and any provision for impairment.

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

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

Freehold buildings	2%
Long leasehold buildings	2%
Long leasehold land	Over the term of the lease
Refurbishments to land & buildings	2%
Fixtures, fittings and equipment	15%
ICT equipment	33%
Motor Vehicles	20%

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

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

On conversion the Academy acquired the land and buildings from which it operates under a 125 year lease. No value was paid for the land and buildings, which were incorporated into the accounts as a donated asset, based on a depreciated replacement cost valuation carried out as at 31 March 2015 on behalf of the Department for Education by Mouchel.

Liabilities

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

Provisions

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

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

LIVERPOOL COLLEGE INDEPENDENT SCHOOL TRUST
NOTES TO THE ACCOUNTS (CONTINUED)
FOR THE YEAR ENDED 31 AUGUST 2017

1 Accounting policies (Continued)

Leased assets

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

Investments

The Academy's shareholding in the wholly owned subsidiary, Liverpool College Enterprises Limited, is included in the balance sheet at nil value as an estimate of its fair value on acquisition. There is no readily available market value, which is not considered to be material, and the cost of valuation exceeds the benefit derived. The net assets of the subsidiary at the year end were £10,528.

Financial Instruments

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

Financial assets – trade and other debtors are basic financial instruments and are debt instruments measured at amortised cost as detailed in note 15. Prepayments are not financial instruments. Amounts due to the charity's wholly owned subsidiary are held at face value less any impairment.

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

Stock

Stock consists of purchased goods for resale. Stocks are valued at the lower of cost and net realisable value. Items donated for resale or distribution are not included in the financial statements until they are sold or distributed.

Taxation

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

Accordingly, the Academy is potentially exempt from taxation in respect of income or capital gains received within categories covered by Chapter 3 Part 11 of the Corporation Tax Act 2010 or Section 256 of the Taxation of Chargeable Gains Act 1992, to the extent that such income or gains are applied exclusively to charitable purposes.

Pension benefits

Retirement benefits to employees of the Academy are provided by the Teachers' Pension Scheme ('TPS') and the Local Government Pension Scheme ('LGPS'). These are defined benefit schemes.

The TPS is an unfunded scheme and contributions are calculated so as to spread the cost of pensions over employees' working lives with the Academy in such a way that the pension cost is a substantially level percentage of current and future pensionable payroll. The contributions are determined by the Government Actuary on the basis of quadrennial valuations using a prospective benefit method. As stated in Note 24, 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 scheme for accounting purposes and the contributions recognised in the period to which they relate.

LIVERPOOL COLLEGE INDEPENDENT SCHOOL TRUST
NOTES TO THE ACCOUNTS (CONTINUED)
FOR THE YEAR ENDED 31 AUGUST 2017

1 **Accounting policies (Continued)**

The LGPS is a funded scheme and the assets are held separately from those of the academy trust in separate trustee administered funds. Pension scheme assets are measured at fair value and liabilities are measured on an actuarial basis using the projected unit credit method and discounted at rate equivalent to 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 Financial Activities 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 other recognised gains and losses.

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

Fund accounting

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

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

Restricted general funds comprise all other restricted funds received and include grants from the Education and Skills Funding Agency/Department for Education.

Agency arrangements

The academy trust acts as an agent in distributing 16-19 bursary funds from ESFA. Payments received from ESFA and subsequent disbursements to students are excluded from the statement of financial activities as the trust does not have control over the charitable application of the funds. The funds received and paid and any balances held are disclosed in the notes to the accounts.

Critical accounting estimates and areas of judgement

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

Critical accounting estimates and assumptions

The academy trust makes estimates and assumptions concerning the future. The resulting accounting estimates and assumptions will, by definition, seldom equal the related actual results. The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are discussed below.

The present value of the Local Government Pension Scheme defined benefit liability depends on a number of factors that are determined on an actuarial basis using a variety of assumptions. The assumptions used in determining the net cost (income) for pensions include the discount rate. Any changes in these assumptions, which are disclosed in note 24, will impact the carrying amount of the pension liability. Furthermore a roll forward approach which projects results from the latest full actuarial valuation performed at 31 March 2016 has been used by the actuary in valuing the pensions liability at 31 August 2017. Any differences between the figures derived from the roll forward approach and a full actuarial valuation would impact on the carrying amount of the pension liability.

LIVERPOOL COLLEGE INDEPENDENT SCHOOL TRUST
 NOTES TO THE ACCOUNTS (CONTINUED)
 FOR THE YEAR ENDED 31 AUGUST 2017

2 Donations and capital grants

	Unrestricted funds £	Restricted general funds £	Restricted fixed asset funds £	Total 2017 £	Total 2016 £
Capital grants	-	-	582,923	582,923	26,216
Other donations	79,757	55,406	-	135,162	353,683
	79,757	55,406	582,923	718,086	379,899

The income from donations and capital grants was £718,086 (2016: £379,899) of which £79,757 was unrestricted (2016: £82,618), £55,406 was restricted (2016: £297,281) and £582,923 was restricted fixed assets (2016: £nil)

3 Funding for the Academy Trust's educational operations

	Unrestricted funds £	Restricted general funds £	Restricted fixed asset funds £	Total 2017 £	Total 2016 £
DfE/ESFA revenue grants					
General Annual Grant (GAG)	-	5,432,729	-	5,432,729	4,578,874
Start up grant	-	101,000	-	101,000	548,000
Other DfE/ESFA grants	-	329,067	-	329,067	275,137
	-	5,862,797	-	5,862,797	5,402,011
Other government grants					
Nursery grants	-	88,483	-	88,483	118,998
Other local government grants	-	43,087	-	43,087	10,913
	-	131,570	-	131,570	129,911
Other educational income					
Catering income	524,525	-	-	524,525	458,632
Other income	108,103	285,268	-	393,371	360,100
	632,628	285,268	-	917,896	818,732
Total	632,628	6,279,634	-	6,912,262	6,350,654

The income from funding for educational operations was £6,912,262 (2016: 6,350,654) of which £632,628 was unrestricted (2016:£589,581) and £6,279,634 was restricted (2016: £5,761,073).

LIVERPOOL COLLEGE INDEPENDENT SCHOOL TRUST
 NOTES TO THE ACCOUNTS (CONTINUED)
 FOR THE YEAR ENDED 31 AUGUST 2017

4 Other trading activities

	Unrestricted funds £	Restricted general funds £	Restricted fixed asset funds £	Total 2017 £	Total 2016 £
Hire of facilities	3,600	-	-	3,600	-
Income from trading subsidiary	15,692	-	-	15,692	48,631
Transport	63,655	-	-	63,655	94,855
After school club	85,044	-	-	85,044	58,124
Summer school	764	-	-	764	11,506
School fund	16,275	-	-	16,275	14,918
	185,030	-	-	185,030	228,034

The income from other trading activities was £185,030 (2016: £228,034) of which £185,030 was unrestricted (2016: £228,034).

LIVERPOOL COLLEGE INDEPENDENT SCHOOL TRUST
 NOTES TO THE ACCOUNTS
 FOR THE YEAR ENDED 31 AUGUST 2017

5 Expenditure

	Staff costs £	Premises £	Other costs £	Total 2017 £	Total 2016 £
Expenditure on raising funds	81,245	-	97,163	178,408	233,449
Academy's educational operations:					
- Direct costs	4,208,366	-	1,046,720	5,255,086	4,741,460
- Allocated support costs	711,719	754,577	1,263,155	2,729,451	2,639,942
Boarding activities					
- Direct costs	75,708	142,044	83,245	300,997	-
- Allocated support costs	-	8,485	74,726	83,211	-
	5,077,038	905,106	2,565,009	8,547,153	7,614,851

(Incoming)/outgoing resources for the period include:	2017 £	2016 £
Fees payable to auditor:		
Audit of the financial statements	9,850	9,625
Accountancy, taxation and other services	2,780	3,505
Operating leases	9,897	15,657
Depreciation	777,844	771,724

The expenditure on raising funds was £178,408 (2016: £233,449) of which £178,408 was unrestricted (2016: £233,449) and restricted fixed assets £nil (2016: £nil).

LIVERPOOL COLLEGE INDEPENDENT SCHOOL TRUST
 NOTES TO THE ACCOUNTS (CONTINUED)
 FOR THE YEAR ENDED 31 AUGUST 2017

6 Charitable activities – Academy’s educational operations

	Total 2017 £	Total 2016 £
Direct costs - educational operations	5,255,084	4,741,458
Support costs - educational operations	2,729,449	2,639,943
Direct costs - boarding	300,999	-
Support costs - boarding	83,211	-
	8,368,743	7,381,401

The expenditure on charitable activities was £8,368,743 (2016: £7,381,402) of which £1,039,372 was unrestricted (2016: £628,190), £6,540,125 was restricted (2016: £5,976,148) and £779,466 was restricted fixed assets (2016: £777,064).

	Total 2017 £	Total 2016 £
Analysis of support costs		
Support staff costs	787,427	598,454
Depreciation	707,680	771,725
Premises costs	905,107	686,040
Other support costs	691,650	536,470
Governance costs	21,796	47,253
	3,113,660	2,639,943

LIVERPOOL COLLEGE INDEPENDENT SCHOOL TRUST
 NOTES TO THE ACCOUNTS (CONTINUED)
 FOR THE YEAR ENDED 31 AUGUST 2017

7 Staff costs

	2017 £	2016 £
Staff costs during the period were:		
Wages and salaries	4,060,546	3,722,194
Employer's national insurance contribution	339,742	314,890
Pension costs	517,768	514,086
Apprenticeship levy	2,180	-
	<u>4,920,236</u>	<u>4,551,170</u>
Supply teacher costs	<u>81,093</u>	<u>82,679</u>
	<u>5,001,329</u>	<u>4,633,849</u>

The average number of persons (including management team) employed by the Academy during the period as the full time equivalents, was as follows:

	2017 Number	2017 Full-time equivalent	2016 Number	2016 Full-time equivalent
Charitable activities				
Teachers	68	64	81	74
Administration and support	95	54	53	36
Management	5	5	5	5
	<u>168</u>	<u>123</u>	<u>139</u>	<u>115</u>

The number of employees whose employee benefits (excluding employer pension costs) fell within the following bands were:

	2017 £	2016 £
£60,001 - £70,000	3	3
£120,001 - £130,000	-	1
£130,001 - £135,000	1	-
	<u>4</u>	<u>4</u>

LIVERPOOL COLLEGE INDEPENDENT SCHOOL TRUST
NOTES TO THE ACCOUNTS (CONTINUED)
FOR THE YEAR ENDED 31 AUGUST 2017

7 Staff costs (Continued)

Included in staff costs are non-statutory/non-contractual severance payments totalling £45,000 (2016: £nil). The individual amounts paid were £20,000, £10,000, £10,000 and £5,000.

Key management personnel

The key management personnel of the academy trust comprise the trustees and the senior management team as listed on page 1. The total amount of employee benefits (including employer national insurance and pension contributions) received by key management personnel for their services to the academy trust was £794,770 (2016: £708,330).

8 Governors' remuneration and expenses

The Principal and staff governors only received remuneration in respect of services they provide undertaking the roles of Principal and staff members under their contracts of employment and not in respect of their services as governors. Other governors did not receive any payments, other than expenses, from the Academy in respect of their role as governors. The value of the governors' remuneration including pension contributions was as follows:

H van Mourik Broekman – Principal and Governor:

Remuneration – £130,001 - £135,000 (2016: £125,001 to £130,000)

Employer's pension contributions – £20,001 - £25,000 (2016: £20,001 to £25,000)

K McCaughey – Staff Governor:

Remuneration – £40,001 - £45,000 (2016: £40,001 to £45,000)

Employer's pension contributions – £5,001 - £10,000 (2016: £5,001 to £10,000)

During the year ended 31 August 2017, travel and subsistence expenses of £Nil were reimbursed to governors (2016: £nil).

9 Governors' and officers' insurance

In accordance with normal commercial practice, the Academy has purchased insurance to protect governors and officers from claims arising from negligent acts, errors or omissions occurring whilst on Academy business. The insurance provides cover up to £1,000,000 on any one claim and the cost for the period ended 31 August 2017 was £1,990 (2016: £1,990)

LIVERPOOL COLLEGE INDEPENDENT SCHOOL TRUST
 NOTES TO THE ACCOUNTS (CONTINUED)
 FOR THE YEAR ENDED 31 AUGUST 2017

10 Tangible fixed assets

Group	Freehold land and buildings £	Leasehold land and buildings £	Furniture and Equipment £	Computer equipment £	Motor vehicles £	Total £
Cost						
At 1 Sept 2016	2,771,824	31,778,000	525,281	210,469	50,023	35,335,597
Additions	-	-	-	-	-	-
Disposals	-	-	-	-	(5,132)	(5,132)
At 31 August 2017	2,771,824	31,778,000	525,281	210,469	44,891	35,330,465
Depreciation						
At 1 Sept 2016	110,872	1,637,475	64,423	116,030	8,653	1,937,453
Charged in year	55,440	573,611	68,287	70,164	10,342	777,844
Disposals	-	-	-	-	(3,508)	(3,508)
At 31 August 2017	166,312	2,211,086	132,710	186,194	15,487	2,711,789
Net book values						
At 31 August 2017	2,605,512	29,566,914	392,571	24,275	29,404	32,618,676
At 31 August 2016	2,660,952	30,140,525	460,858	94,439	41,370	33,398,144

LIVERPOOL COLLEGE INDEPENDENT SCHOOL TRUST
 NOTES TO THE ACCOUNTS (CONTINUED)
 FOR THE YEAR ENDED 31 AUGUST 2017

10 Tangible fixed assets (Continued)

Company	Freehold land and buildings £	Leasehold land and buildings £	Furniture and Equipment £	Computer equipment £	Motor vehicles £	Total £
Cost						
At 1 Sept 2016	2,771,824	31,778,000	617,298	210,469	50,023	35,427,614
Additions	-	-	-	-	-	-
Disposals	-	-	-	-	(5,132)	(5,132)
At 31 August 2017	2,771,824	31,778,000	617,298	210,469	44,891	35,422,482
Depreciation						
At 1 Sept 2016	110,872	1,637,475	157,193	116,030	8,653	2,030,223
Charged in year	55,440	573,611	68,160	70,164	10,342	777,717
Disposals	-	-	-	-	(3,508)	(3,508)
At 31 August 2017	166,312	2,211,086	225,353	186,194	15,487	2,804,432
Net book values						
At 31 August 2017	2,605,512	29,566,914	391,945	24,275	29,404	32,618,050
At 31 August 2016	2,660,952	30,140,525	460,105	94,439	41,370	33,397,391

11 Investment
 Company

	2017 £	2016 £
Shares in subsidiary undertaking	-	-

Liverpool College Independent School Trust acquired 100% of the ordinary share capital of Liverpool College Enterprises Limited for nil consideration. The net liabilities at the date of acquisition were £19,139. No fair value was attributed to the investment at the date of acquisition. Liverpool College Enterprises Limited is a company registered in England and Wales. Liverpool College Enterprises Limited raises funds for Liverpool College Independent School Trust by operating gym and sports facilities out of school hours. A summary of the trading results is shown below.

LIVERPOOL COLLEGE INDEPENDENT SCHOOL TRUST
 NOTES TO THE ACCOUNTS (CONTINUED)
 FOR THE YEAR ENDED 31 AUGUST 2017

11 Investment (Continued)

Company	2017 £	2016 £
	Shares in subsidiary undertaking	Shares in subsidiary undertaking
	-	-
	2017 £	2016 £
Turnover	36,019	48,631
Administrative expenses	(33,073)	(46,355)
Loss/profit on ordinary activities before taxation	2,946	2,276
Tax on profit on ordinary activities	-	-
Loss/profit for the year	2,946	2,276

The aggregate of the assets, liabilities and funds of Liverpool College Enterprises are:

	2017 £	2016 £
Net (Liabilities)/Assets	15,750	12,804
Share capital	50,002	50,002
Reserves	(34,252)	(37,198)
	15,750	12,804

LIVERPOOL COLLEGE INDEPENDENT SCHOOL TRUST
 NOTES TO THE ACCOUNTS (CONTINUED)
 FOR THE YEAR ENDED 31 AUGUST 2017

12 Stock

	2017	2016
	£	£
Group and company		
Catering	2,075	2,064

13 Debtors

	Group 2017	Group 2016	Company 2017	Company 2016
	£	£	£	£
Trade debtors	-	10,659	-	129
VAT recoverable	59,615	84,447	59,615	83,906
Other debtors	61,010	29,631	38,608	30,777
Prepayments and accrued income	393,759	179,644	408,759	179,644
	514,383	304,381	506,981	294,456

14 Creditors: amounts falling due within one year

	Group 2017	Group 2016	Company 2017	Company 2016
	£	£	£	£
Trade creditors	96,953	52,859	96,953	52,858
Other taxes and social security	89,765	93,494	89,765	93,494
Other creditors	183,603	203,196	124,822	203,196
Accruals and deferred income	430,493	349,202	427,255	310,922
	800,813	698,751	738,794	660,471

Deferred income

Deferred income at 1 September 2016	46,825	57,318	46,825	57,318
Resources deferred in the year	308,345	46,825	308,345	46,825
Amounts released from previous years	(46,825)	(57,318)	(46,825)	(57,318)
Deferred income at 31 August 2017	308,345	46,825	308,345	46,825

At the balance sheet date the Academy Trust was holding funds received in advance for the provision of universal infant free school meals and boarding income received in advance.

LIVERPOOL COLLEGE INDEPENDENT SCHOOL TRUST
 NOTES TO THE ACCOUNTS (CONTINUED)
 FOR THE YEAR ENDED 31 AUGUST 2017

15 Funds

Group	Balance at 31 Aug 2016 £	Incoming resources £	Resources expended £	Gains, losses and transfers £	Balance at 31 Aug 2017 £
Restricted general funds					
General Annual Grant (GAG)	927	5,533,729	(5,735,304)	203,514	2,866
Other DfE/ESFA grants	57,126	329,067	(286,721)	-	99,472
Other government grants	-	131,570	(131,570)	-	-
Other income	48,547	340,674	(337,530)	(30,700)	20,991
	106,599	6,335,040	(6,491,125)	172,814	123,328
Funds excluding pensions					
Pension reserve	(56,000)	-	(49,000)	7,000	(98,000)
	50,599	6,335,040	(6,540,125)	179,814	25,328
Restricted fixed asset funds					
Fixed assets donated on conversion	30,296,210	-	(577,360)	-	29,718,850
DfE/ESFA capital grants	3,045,925	582,923	(190,236)	(172,814)	3,265,798
Capital expenditure from GAG and other funds	55,258	-	(11,743)	-	43,515
Fixed assets in trading subsidiary	752	-	(127)	-	625
	33,398,145	582,923	(779,466)	(172,814)	33,028,788
Total restricted funds	33,448,744	6,917,963	(7,319,591)	7,000	33,054,116
Unrestricted funds	320,769	1,304,159	(1,227,562)	-	397,366
Total funds	33,769,513	8,222,122	(8,547,153)	7,000	33,451,483

LIVERPOOL COLLEGE INDEPENDENT SCHOOL TRUST
 NOTES TO THE ACCOUNTS (CONTINUED)
 FOR THE YEAR ENDED 31 AUGUST 2017

15 Funds (Continued)

Company	Balance at 31 Aug 2016 £	Incoming resources £	Resources expended £	Gains, losses and transfers £	Balance at 31 Aug 2017 £
Restricted general funds					
General Annual Grant (GAG)	927	5,533,729	(5,735,304)	203,514	2,866
Other DfE/ESFA grants	57,126	329,067	(286,721)	-	99,472
Other government grants	-	131,570	(131,570)	-	-
Other income	48,547	340,674	(337,530)	(30,700)	20,991
<hr/>					
Funds excluding pensions	106,599	6,335,040	(6,491,125)	172,814	123,329
Pension reserve	(56,000)	-	(49,000)	7,000	(98,000)
<hr/>					
	50,599	6,335,040	(6,540,125)	179,814	25,329
<hr/>					
Restricted fixed asset funds					
Fixed assets donated on conversion	30,296,210	-	(577,360)	-	29,718,850
DfE/ESFA capital grants	3,045,923	582,923	(190,236)	(172,814)	3,265,796
GAG and other funds	55,258	-	(11,743)	-	43,515
<hr/>					
	33,397,391	582,923	(779,339)	(172,814)	33,028,161
<hr/>					
Total restricted funds	33,447,990	6,917,963	(7,319,464)	7,000	33,151,490
Unrestricted funds	308,717	1,303,467	(1,209,619)	-	402,565
<hr/>					
Total funds	33,756,707	8,221,430	(8,529,083)	7,000	33,456,055

Under the funding agreement with the Secretary of State, the academy trust was not subject to a limit on the amount of GAG that it could carry forward at 31 August 2017.

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

General Annual Grant must be used for the normal running expenses of the Academy and any amounts carried forward at the end of a financial period must be used in accordance with the terms of the Funding Agreement.

Other DfE/ESFA grants comprise additional funding received for the furtherance of education, which must be used in accordance with the specific terms of each grant.

Other government grants include nursery grants which were fully expended in the year.

Other restricted funds include contributions received for school trips and non public donations and the related expenditure.

LIVERPOOL COLLEGE INDEPENDENT SCHOOL TRUST
 NOTES TO THE ACCOUNTS (CONTINUED)
 FOR THE YEAR ENDED 31 AUGUST 2017

15 Funds (Continued)

Restricted fixed asset funds include assets donated on conversion and expenditure out of GAG and other capital grants during the period. Depreciation is charged against the fund.

16 Analysis of net assets between funds – Group

	Unrestricted funds £	Restricted general funds £	Restricted fixed asset funds £	Total funds £
Tangible fixed assets	-	-	32,618,676	32,618,676
Current assets	397,366	924,145	410,109	1,731,620
Current liabilities	-	(800,813)	-	(800,813)
Pension scheme liability	-	(98,000)	-	(98,000)
Total net assets	397,366	25,332	33,028,785	33,451,483

17 Capital commitments

	2017 £	2016 £
Contracted for but not provided in the financial statements	446,623	8,603

18 Financial Commitments

Operating leases

At 31 August 2017 the Group had annual commitments under non-cancellable operating leases as follows:

	2017 £	2016 £
Other		
Expiring within one year	9,600	9,897
Expiring within two and five years inclusive	38,400	-
	48,000	9,897

LIVERPOOL COLLEGE INDEPENDENT SCHOOL TRUST
 NOTES TO THE ACCOUNTS (CONTINUED)
 FOR THE YEAR ENDED 31 AUGUST 2017

19 Reconciliation of net income to net cash inflow from operating activities

	2017 £	2016 £
Net (outgoing)/incoming resources	(325,031)	(656,267)
Depreciation (see note 10)	777,844	771,724
Capital grants from DfE	(582,923)	-
Defined benefit pension scheme costs	49,000	17,000
Loss on disposal	1,624	5,341
(Increase)/decrease in stocks	(11)	1,097
(Increase)/decrease in debtors	(210,002)	93,826
Increase/(decrease) in creditors	362,936	218,361
Net cash (outflow)/inflow from operating activities	73,436	451,082

20 Capital income and expenditure

	2017 £	2016 £
Purchase of tangible fixed assets	-	(109,858)
Capital grants/donations received	322,049	-
Net cash inflow/(outflow) from capital expenditure and financial invest	322,049	(109,858)

21 Analysis of changes in net funds

	At 1 September 2017 £	Cash flows £	At 31 August 2017 £
Cash in hand and at bank	819,675	395,487	1,215,162

22 Contingent liabilities

As at 31 August 2017, the Group had no contingent liabilities.

23 Members' liability

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

LIVERPOOL COLLEGE INDEPENDENT SCHOOL TRUST
NOTES TO THE ACCOUNTS (CONTINUED)
FOR THE YEAR ENDED 31 AUGUST 2017

24 Pension and similar obligations

The Academy'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, which is managed by Merseyside Local Authority. Both are multi-employer defined benefit schemes. Some employees also belong to other private defined contribution schemes, including the Pensions Trust Growth Plan.

The latest actuarial valuation of the TPS related to the period ended 31 March 2012, of the LGPS 31 March 2016 and of the Pensions Trust Growth Plan the 30 September 2016.

Contributions amounting to £8,431 were payable to the schemes at 31 August 2017 and are included within creditors.

Teachers' Pension Scheme

Introduction

The Teachers' Pension Scheme (TPS) is a statutory, contributory, defined benefit scheme governed by the Teachers' Pension Regulations (2010) and, from 1 April 2014, by the Teachers' Pension Scheme Regulations 2014. Membership is automatic for full-time teachers in academies and, from 1 January 2007, automatic for teachers in part-time employment following appointment or a change of contract, although they are able to opt out.

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

Valuation of the Teachers' Pension Scheme

The Government Actuary, using normal actuarial principles, conducts a formal actuarial review of the TPS in accordance with the Public Service Pensions (Valuations and Employer Cost Cap) Directions 2014 published by HM Treasury. The aim of the review is to specify the level of future contributions. Actuarial scheme valuations are dependent on assumptions about the value of future costs, design of benefits and many other factors. The latest actuarial valuation of the TPS was carried out as at March 2012 and in accordance with the Public Service Pensions (Valuations and Employer Cost Cap) Directions 2014. The valuation report was published by the Department for Education on 9 June 2014. The key elements of the valuation and subsequent consultation are:

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

LIVERPOOL COLLEGE INDEPENDENT SCHOOL TRUST
NOTES TO THE ACCOUNTS (CONTINUED)
FOR THE YEAR ENDED 31 AUGUST 2017

24 Pensions and similar obligations (Continued)

During the year ended 31 August 2015 the employer contribution rate was 14.1%. The TPS valuation for 2012 determined an employer rate of 16.48% which was payable from September 2015. The next valuation of the TPS is currently underway based on April 2016 data, whereupon the employer contribution rate is expected to be reassessed and will be payable from 1 April 2019.

A copy of the valuation report and supporting documentation is on the Teachers' Pension website.

The employer's pension costs paid to TPS in the period amounted to £449,070 (2016: £436,902).

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

The Local Government Pension Scheme (LGPS)

The LGPS is a funded defined benefit pension scheme, with the assets held in separate trustee-administered funds. The total contribution made for the year ended 31 August 2017 was £71,651 (2016: £57,239), of which employer's contributions totalled £50,614 (2016: £39,249) and employees' contributions totalled £21,038 (2016: £17,980). The agreed contribution rates for future years are 18.8 per cent for employers and allocated to one of nine bands between 5.5 per cent and 12.5 per cent for employees, the allocation to a band depending upon the individual's salary.

Parliament has agreed, at the request of the Secretary of State for Education, to a guarantee that, in the event of academy closure, outstanding Local Government Pension Scheme liabilities would be met by the Department for Education. The guarantee came into force on 18 July 2013.

Principal actuarial assumptions

	At 31 August 2017	At 31 August 2016
Rate of increase in salaries	3.70%	3.30%
Rate of increase for pensions in payment/inflation	2.20%	1.90%
Discount rate for scheme liabilities	2.40%	2.10%
Inflation assumption (CPI)	2.20%	1.80%

LIVERPOOL COLLEGE INDEPENDENT SCHOOL TRUST
 NOTES TO THE ACCOUNTS (CONTINUED)
 FOR THE YEAR ENDED 31 AUGUST 2017

24 Pensions and similar obligations (Continued)

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

	At 31 August 2017	At 31 August 2016
<i>Retiring today</i>		
Males	21.60	22.50
Females	24.70	25.40
<i>Retiring in 20 years</i>		
Males	24.20	24.90
Females	27.70	28.20

Sensitivity analysis	Discount rate	Discount rate - 1 year	Mortality assumptions	Mortality assumptions -
	+0.1% £000s	-0.1% £000s	increase £000s	1 year decrease £000s
Liabilities	281	293	287	292
Assets	(189)	(189)	(189)	(189)
Deficit/(surplus)	92	104	98	103
Projected service cost for next year	92	96	94	96
Projected net interest cost for next year	2	2	2	2

The academy trust's share of the assets and liabilities in the scheme and the expected rates of return were:

	Fair value at 31 August 2017 £000	Fair value at 31 August 2016 £000
Equities	100	48
Government bonds	6	4
Other bonds	23	11
Property	15	8
Cash/liquidity	9	3
Other	36	18
Total market value of assets	<u>189</u>	<u>92</u>

The actual return on scheme assets was £10,000.

LIVERPOOL COLLEGE INDEPENDENT SCHOOL TRUST
 NOTES TO THE ACCOUNTS (CONTINUED)
 FOR THE YEAR ENDED 31 AUGUST 2017

24 Pensions and similar obligations (Continued)

Amounts recognised in the statement of financial activities	2017 £000	2016 £000
Current service cost	95	55
Total operating charge	95	55
Analysis of pension finance income/(costs)		
Expected return on pension scheme assets	-	-
Interest on pension liabilities	-	0
Pension finance income/(costs)	-	-

The estimated value of employer contributions for the year ended 31 August 2018 is £64,000.

Changes in the present value of defined benefit obligations were as follows:

	2017 £000	2016 £000
At 1 September 2016	148	30
Current service cost	95	55
Interest on pension liabilities	3	2
Employee contributions	20	18
(Gain)/loss on assumptions	21	40
Benefits/transfers paid	-	3
At 31 August 2017	287	148

Changes in the fair value of academy trust's share of scheme assets

	2017	2016
At 1 September 2016	92	23
Return on plan assets	3	2
Administration expenses	(1)	(1)
Actuarial gains/loss	28	8
Employer contributions	47	39
Employee contributions	20	18
Benefits/transfers paid	-	3
At 31 August 2017	189	92

The Pensions Trust Growth Plan

Liverpool College Independent School Trust participates in the Pensions Trust's Growth Plan (the Plan). The Plan is funded and is not contracted-out of the State scheme. The Plan is a multi-employer pension plan. Contributions paid into the Plan up to and including September 2001 were converted to defined amounts of pension payable from Normal Retirement Date. From October 2001 contributions were invested in personal funds which have a capital guarantee and which are converted to pension on retirement, either within the Plan or by the purchase of an annuity.

LIVERPOOL COLLEGE INDEPENDENT SCHOOL TRUST
NOTES TO THE ACCOUNTS (CONTINUED)
FOR THE YEAR ENDED 31 AUGUST 2017

24 Pensions and similar obligations (Continued)

The Pensions Trust Growth Plan (Continued)

The rules of the Plan allow for the declaration of bonuses and/or investment credits if this is within the financial capacity of the Plan assessed on a prudent basis. Bonuses/investment credits are not guaranteed and are declared at the discretion of the Plan's Trustee.

The Trustee commissions an actuarial valuation of the Plan every three years. The purpose of the actuarial valuation is to determine the funding position of the Plan by comparing the assets with the past service liabilities as at the valuation date. Asset values are calculated by reference to market levels. Accrued past service liabilities are valued by discounting expected future benefit payments using a discount rate calculated by reference to the expected future investment returns.

The rules of the Plan give the Trustee the power to require employers to pay additional contributions in order to ensure that the statutory funding objective under the Pensions Act 2004 is met. The statutory funding objective is that a pension scheme should have sufficient assets to meet its past service liabilities known as Technical Provisions.

If the actuarial valuation reveals a deficit, the Trustee will agree a recovery plan to eliminate the deficit over a specified period of time either by way of additional contributions from employers, investment returns or a combination of these.

The rules of the Plan state that the proportion of obligatory contributions to be borne by the member and the member's employer shall be determined by agreement between them. Such agreement shall require the employer to pay part of such contributions and may provide that the employer shall pay the whole of them.

Liverpool College Independent School Trust paid contributions at the rate of 5% during the accounting period. Some members paid contributions at the rate of 5% during the accounting period.

As at the balance sheet date there were 10 active members of the Plan employed by the Trust. The total contribution made for the year ended 31 August 2017 was £22,378, of which employer's contributions totalled £15,606 and employee's contributions totalled £6,772. The Trust continues to offer membership of the Plan to its employees.

It is not possible in the normal course of events to identify a reasonable and consistent basis the share of underlying assets and liabilities belonging to individual participating employers. The Plan is a multi-employer scheme, where the assets are co-mingled for investment purposes, and benefits are paid out of the Plan's total assets. Accordingly, due to the nature of the Plan, the accounting charge for the period under FRS 102 represents the employer contribution payable.

If an actuarial valuation reveals a shortfall of assets compared to liabilities, the Trustee must prepare a recovery plan setting out the steps to be taken to make up the shortfall.

24 Pensions and similar obligations (Continued)

The Pensions Trust Growth Plan (Continued)

The Pensions Regulator has the power under Part 3 of the Pensions Act 2004 to issue scheme funding directions where it believes that the actuarial valuation assumptions and/or recovery plan are inappropriate. For example, the Regulator could require that the Trustee strengthens the actuarial assumptions (which could increase the Plan liabilities and hence impact on the recovery plan) or impose a schedule of contributions to the Plan (which would effectively amend the terms of the recovery plan). A copy of the recovery plan in respect of the September 2011 valuation was forwarded to the Pensions Regulator on 2 October 2012, as required by legislation.

Following a change in legislation in September 2005, there is a potential debt on the employer that could be levied by the Trustee of the Plan and the Pensions Act 2011 has more recently the definition of series 3 of the Growth Plan so that a liability arises to employers from membership of any Series except Series 4. The debt is due in the event of the employer ceasing to participate in the Plan or the Plan winding up.

The debt for the Plan as a whole is calculated by comparing the liabilities for the Plan (calculated on a buy-out basis i.e. the cost of securing benefits by purchasing annuity policies from an insurer, plus an allowance for expenses) with the assets of the Plan. If the liabilities exceed the assets there is a buy-out debt.

The leaving employer's share of the buy-out debt is the proportion of the Plan's liability attributable to employment with the leaving employer compared to the total amount of the Plan's liabilities (relating to employment with all the currently participating employers). The leaving employer's debt therefore includes a share of any 'orphan' liabilities in respect of previously participating employers. The amount of the debt therefore depends on many factors including total Plan liabilities, Plan investment performance, the liabilities in respect of current and former employees of the employer, financial conditions at the time of the cessation event and the insurance buy-out market. Therefore, the amounts of debt can be volatile over time.

When an employer withdraws from a multi-employer defined benefit pension scheme which is in deficit, the employer is required by law to pay its share of the deficit, calculated on a statutory basis (known as the buy-out basis). Due to a change in the definition of money purchase contained in the Pensions Act 2011 the calculation basis that applies to the Growth Plan will be amended to include Series 3 liabilities in the calculation of an employer's debt on withdrawal.

LIVERPOOL COLLEGE INDEPENDENT SCHOOL TRUST
NOTES TO THE ACCOUNTS (CONTINUED)
FOR THE YEAR ENDED 31 AUGUST 2017

24 Pensions and similar obligations (Continued)

The Growth Plan is a "last man standing" multi-employer scheme. This means that if a withdrawing employer is unable to pay its debt on withdrawal the liability is shared amongst the remaining employers. The participating employers are therefore, jointly and severally liable for the deficit in the Growth Plan. As at 31 December 2016 the total deficit calculated on the buy-out basis was £212.7m.

Liverpool College Independent School Trust has been notified by the Pensions Trust of the estimated employer debt on withdrawal from the Plan based on the financial position of the Plan as at 30 September 2016. As of this date the estimated employer debt for the Trust was £22,390. In accordance with FRS 17, the liability has not been provided for in the accounts of the Trust.

Private Pension Provisions

Liverpool College Independent School Trust has a number of staff who have chosen not to avail themselves of the different formal schemes available. Instead they have taken on private pension provisions with the College paying contributions at the rate of 5% during the accounting period on their behalf. Some members have also chosen to make paid contributions at the rate of 5% during the accounting period.

LIVERPOOL COLLEGE INDEPENDENT SCHOOL TRUST
 NOTES TO THE ACCOUNTS (CONTINUED)
 FOR THE YEAR ENDED 31 AUGUST 2017

25 Related party transactions

The Academy has taken advantage of the exemption available not to disclose transactions entered into between two or more members of a group.

There have been no other related party transactions during the year.

26 Agency arrangements

The academy trust distributes 16-19 bursary funds to students as an agent for ESFA. In the accounting period ending 31 August 2017 the trust received £25,692 and disbursed £20,736 from the fund. Unspent bursary funding of £35,537 is included in creditors.

27 Academy boarding trading account

	2017	2017	2016	2016
	£	£	£	£
Income				
Fee income		406,745		-
Expenditure				
Direct costs				
Staff costs	75,708		-	
Catering	83,245		-	
Rent and rates	142,044		-	
Support costs		300,997		
Marketing	7,407		-	
Commission	28,547		-	
Cleaning	8,485		-	
Other costs	38,772		-	
		83,211		-
Surplus in the year		<u>22,536</u>		<u>-</u>