St Margaret's Church of England Academy

(A Company Limited by Guarantee)

Annual Report and Financial Statements

Year ended 31 August 2017

Company Registration Number:
08160433 (England and Wales)

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St Margaret's Church of England Academy
(A Company Limited by Guarantee)

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St Margaret's Church of England Academy
(A Company Limited by Guarantee)

Reference and Administrative Details

Members

The Bishop of Liverpool	A Corporation Sole
Rev Canon Gary Renison	The Liverpool Diocesan Educational Trust
Mr Stephen Claus	Appointee of LDET (Appointed November 2016)
Mr Peter Oliver	Chair of Governors

Governors and Trustees

The Bishop of Liverpool	Ex-officio Governor
Mr Peter Oliver[15]	Chair of Governors
Mr Andrew McCaldon[235]	Vice Chair of Governors
Mr John Foulkes[145]	Governor
Rev Ian Greenwood[356]	Governor
Mrs Marion Thomas[1356]	Governor (Retired 31 December 2016)
Mrs Janet McCall[245]	Governor
Mr Mark Fidler[13]	Governor
Mr Stephen Claus	Governor
Rev Michael Morris	Governor (Appointed 1 January 2017)
Mr Stephen Bray[24]	Governor
Mr Stephen Brierley[123456]	Principal Ex-officio & Accounting Officer
Ms Celine Duzant[2]	Governor and Bishop's Representative
Miss Jane Griffiths[1356]	LA Governor
Mrs Denise Hart[13]	Staff Governor (Retired 19 September 2016)
Mr Kenneth Cain[24]	Staff Governor (Resigned 25 September 2017)
Mrs Stephanie Davidson[13]	Staff Governor
Mr Terry Van Eker[12]	Governor
Mrs Victoria Merriman	Governor (Appointed 1 January 2017)
Mrs Helen Schluter[6]	Parent Governor (Appointed 28 February 2017)
Miss Deana Hughes[36]	Parent Governor
Mr Chris Ward	Parent Governor

Company Secretary	Mr Mark D'Arcy

Sub Committees of the Academy Trust

1. Curriculum Committee
2. Premises, Finance & Audit Committee
3. Ethos & Pastoral Committee
4. Personnel Committee (including Pay sub-committee)
5. Standing Committee
6. Admissions Committee

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[1] members of the Curriculum Committee – chaired by Jane Griffiths
[2] members of the Premises, Finance and Audit Committee – chaired by Janet McCall
[3] members of the Ethos and Pastoral Committee – chaired by Andrew McCaldon
[4] members of the Personnel & Pay Committee – chaired by John Foulkes
[5] members of the Standing Committee – chaired by Peter Oliver
[6] members of the Admissions Committee – chaired by Ian Greenwood

Reference and Administrative Details (continued)

Senior Leadership Team

Mr Stephen Brierley	Principal
Mr Steven Slater	Vice Principal: Curriculum and Personnel
Mrs Andrea Penketh	Vice Principal: Director of Ethos & SM SC
Mr Geoff Laird	Assistant Principal: Director of Sixth Form
Mr Robert Lawton	Assistant Principal: Director of Pastoral Care (Resigned June 2017)
Mr Robert Kingston	*Interim Assistant Principal: Director of Pastoral Care (Appointed October 2016)*
Mr John Woodward	Assistant Principal: Teaching and Learning/CPD (Retired August 2017)
Dr Daniel Silverstone	Assistant Principal: Data and Intervention
Mr Mark D'Arcy	Director of Business and Finance

Clerk to Governors — Mrs S Deveney *can be contacted on 0151 427 1825*

Principal and Registered Office:
St Margaret's Church of England Academy
Aigburth Road
Aigburth
Liverpool
L17 6AB

Company Registration Number: **08160433 (England and Wales)**

Independent Auditor:
RSM UK Audit LLP
14th Floor, 20 Chapel Street
Liverpool
L3 9AG

Bankers:
Barclays Bank PLC
Liverpool City Centre
Liverpool
L2 1TD

Solicitors:
Hill Dickinson LLP
St. Paul's Square
Old Hall Street
Liverpool
L3 9SJ

St Margaret's Church of England Academy
(A Company Limited by Guarantee)

Trustees' Report and Strategic Report

The Trustees and Governors present their annual report together with the financial statements and auditor's report of the charitable company for the year ended 31 August 2017. The annual report serves the purposes of both a trustees' report, and a directors' report under company law.

The principal activity is to advance education for the public benefit by establishing, maintaining, carrying on, and developing a secondary Academy offering a broad and balanced curriculum for students of different abilities between the ages of 11-18. There is no defined catchment area and the basis of admission is a mixture of religious belief, medical and social need as well as aptitude. It has a pupil capacity of 1,030 and had a roll of 1,034 in the school census on October 2017.

Structure, Governance and Management

Constitution
The Academy Trust 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 trust.

The governors in office at the year-end act as the trustees for the charitable activities of St Margaret's Church of England Academy and are also the directors of the Charitable Company for the purposes of company law. The Charitable Company is known as St Margaret's Church of England Academy.

Details of governors who served throughout the period 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 opted in to the Risk Protection Arrangement (RPA) provided by the Education and Skills Funding Agency to protect Trustees, Governors and officers from claims arising from negligent acts, errors or omissions occurring whilst on Academy business. The limit of this indemnity is £10,000,000.

Method of Recruitment and Appointment or Election of Trustees
The Articles of Association were last updated by special resolution on 14 July 2015. The Academy shall have the following Governors as set out in its Articles of Association and funding agreement:

The Members shall appoint up to 14 with a minimum of 10 Governors provided that the Members may at any time appoint such number of additional Governors who, when combined with any existing Governors under Article 50 of the Memorandum and Articles of Association, shall constitute a majority of the Governors of the Academy Trust and may similarly require the removal from office of any such person and nominate another person in his place provided always that the Bishop of Liverpool shall be an ex-officio Governor under the above Article.

The Members may appoint 3 Staff Governors through such process as they may determine. The LA may appoint the LA Governor. The Principal shall be treated for all purposes as being an ex-officio Governor. There are 3 Parent Governors and they are elected by parents of registered pupils at the Academy at the time of the election.

Governors are appointed for a four year period, except that this time limit does not apply to the Principal. Subject to remaining eligible to be a particular type of Governor, any governor can be re-appointed or re-elected.

Policies and Procedures Adopted for the Induction and Training of Trustees
When appointing new governors, the Members will give consideration to the skills and experience mix of existing Governors in order to ensure that the Board has the necessary skills to contribute fully to the Academy's development.
There is a comprehensive Governor Induction Programme managed by the Chair of Governors that is tailored to the individual and includes briefings by senior staff, tour of the Academy to meet staff and students and papers necessary to the fulfilment of the role.

Organisational Structure

The Governors meet at least four times per year. They establish an overall framework for the governance of the Academy and determine membership, terms of reference and procedures of Committees and other groups. They receive reports including proposals from its Committees for ratification and monitor the activities of the Committees through the minutes of their meetings. The Governing Body may from time to time establish Working Groups to perform specific tasks over a limited timescale.

There are 6 committees, 5 of which meet termly, all of whom are responsible for Academy policy, practice and performance and monitor aspects of their work by discussion/review/challenge (the Admissions committee meets annually):

1. Premises, Finance & Audit Committee – financial management, compliance with reporting and regulatory requirements, review of risk and drafting the annual budget. Receiving reports from the Responsible Officer work carried out. Considering the requirements under the school development plan to the upkeep of the fabric. To apply to the DfE/ESFA for additional capital grants.
2. Curriculum Committee – curriculum planning, target setting, assessment and examinations. Receiving reports from Senior Managers.
3. Personnel Committee – performance management, staffing levels, appointments, salaries, CPD, work-life balance and personnel policies. The Pay Committee is a subcommittee and meets to review annual pay progression for teaching staff as well as the annual performance of the Principal.
4. Ethos & Pastoral Committee – all matters relating to the pastoral care, spiritual well-being, attendance, behaviour and safety of learners. Ensures statutory obligations are met in relation to exclusions and meet the highest standards of safeguarding.
5. Standing Committee – chairs of the different Committees share their minutes and report on any issues to ensure cross-committee collaboration. New and revised policies are ratified.
6. Admissions Committee – reviews admission applications for the upcoming academic year.

The following decisions are reserved to the Governors:

To consider any proposals for changes to the status or constitution of the Academy and its committee structure; to appoint or remove the Chairman and/or Vice Chairman; to appoint the Principal and Clerk to the Governors.

The Governors are responsible for setting general policy, adopting a development plan and budget, approving the statutory accounts, monitoring the Academy by the use of budgets and other data and making major decisions about the direction of the Academy, capital expenditure and staff appointments.

The Governors have devolved responsibility for day to day management of the Academy to the Senior Leadership Team.

The Academy has a leadership structure which consists of the Governors and the Senior Leadership Team. The aim of the leadership structure is to devolve responsibility and encourage involvement in decision making at all levels.

The Senior Leadership Team (SLT) consists of the Principal, two Vice Principals, four Assistant Principals and the Director of Business and Finance.

The SLT controls the Academy at an executive level, implementing the policies laid down by the Governors and reporting back to them. The Principal, Director of Business and Finance, and the Premises, Finance and Audit Committee are responsible for the authorisation of spending within agreed budgets. Departmental spending control is devolved to Budget Holders. The Principal is responsible for the appointment of staff, though appointment panels for teaching posts may often include a Governor.

The Principal is the Accounting Officer.

Arrangements for setting pay and remuneration of key management personnel
Key management personnel for the Academy are identified as the Senior Leadership Team. The Pay Committee reviews the annual performance of all SLT members before awarding any incremental pay increases, if applicable. The Principal's review also includes a member of the local authority to ensure a fully robust process and to ensure an independent benchmarked review takes place.

Related Parties and other Connected Organisations
St Margaret's Academy is a member of the Faiths Partnership, which is Collaboration at Sixth Form level of:

- St Margaret's Church of England Academy
- Archbishop Blanch Church of England High School
- St Hilda's Church of England High School
- Bellerive FCJ Catholic College

The Partnership enjoys a common ethos and approach and aims to extend opportunities to all its students by offering a wider range of courses at Post 16 Level. Membership of the Faiths Partnership enables us to offer over 35 A Levels ensuring that a tailored and varied curriculum is available for our students, leading to excellent retention rates and students who are properly equipped for the world ahead.

Mark D'Arcy, Director of Business and Finance, was seconded to the Liverpool Diocesan Schools Trust as Director of Finance and Operations for 2 days per week from May 2017 assisting with the formation of the Diocesan MAT.

Objectives and Activities

Objects and Aims
The Academy is committed to carrying on, managing, and developing a school with a designated Church of England religious character offering a broad and balanced curriculum conducted in accordance with the principles and practices and tenets of the Church of England both generally and in particular in relation to arranging religious education and daily acts of worship (as required by the Funding Agreement) and in having regard to the advice of the Diocesan Board of Education.

The Academy Trust is further committed to:-

- enabling everyone to maximise their intellectual achievement and develop their talents in a wide range of education skills according to each person's abilities: to develop lively enquiring minds;
- to provide a safe supportive and stimulating environment to grow towards a sense of fulfilment;
- to promote physical development and health education;
- to help students to find a true vocation in life to take their place in an increasing global and technological work environment to prepare them for life in the community beyond school and the part they, as individual Christians can come to play in society;
- to generate an enthusiasm for the protection of the environment on a local, national and international level;
- to enhance the concept of partnership between students, parents, staff and the broader community including the church, charitable organisations, primary and tertiary educational institutions, employers , industry and commerce

Objectives, Strategies and Activities
The Academy has been at the heart of its community and continues to promote cohesion and sharing its facilities with other schools and the wider community. A number of Primary Schools are involved with the Academy and their children come to share in our facilities looking at, amongst other things, Science and Design Technology. As noted above, there is a strong link with other Secondary Schools.

Public Benefit
The Academy Trustees have complied with their duty to have due regard to the guidance on public benefit published by the Charity Commission in exercising their powers and duties.

Trustees' Report and Strategic Report (continued)

Strategic Report

Achievements and Performance

2017 external examination results were again encouraging. The new grading scheme for English and Maths resulted in 64% of our students achieving a Grade 5 or above, whilst 84% achieved a Grade 4 or above. However, comparisons with prior years in the table below are no longer possible.

At Key Stage 5 (A and AS level and BTEC) the tables below indicate another strong performance from our students. The proportion at top grades at A2 and the overall pass rate is in line with previous years.

External Examination results

GCSE

Achievement and Standards: selected summary measures							
Indicator		2012	2013	2014	2015	2016	2017
Percentage with 5+ higher-grade GCSEs with English (language) and Maths	Target	*83*	*79*	*83*	*83**	*83**	*n/a*
	Actual	**59**	**77**	**79*** 81†	**68*** 75†	**67*** 71†	**c78**
Percentage getting C or better in Eng (lit or lang) and Maths	**Actual**	Data not published		**81%***	**72%***	**72%***	**84**
Progress 8	**Actual**	Data not published			-0.1	-0.46	-0.04
Percentage making 3 or more levels of progress in Maths	**Actual**	**70**	**66**	**81*†**	**64*†**	**69*†**	**n/a**
Percentage making 3 or more levels of progress in Eng lang	**Actual**	**58**	**80**	**85*** *c*87†	**64*** 80†	**68***	**n/a**
*All figures pre-2014 are 'best entry'; from 2014 onwards, * denotes 'first entry', whilst † denotes 'best entry'							

AS Level (Y12 and Y13 students)

	% 2017	% 2016	% 2015	% 2014	% 2013	% 2012
Grades A* & B	23.1	23.3	24.7	22.3	29.9	26.9
Grades A* to E	88.3	80.6	83.6	84.0	94.1	82.3

A2 Level

	% 2017	% 2016	% 2015	% 2014	% 2013	% 2012
Grades A* to B	34.2	35.8	33.1	31.6	37.8	36.1
Grades A* to E	97.3	96.9	96.8	98.0	97.6	96.4
Average Point Score per entry	n/a	201	206	206	N/A	N/A

Key Performance Indicators
The main financial performance indicator is the level of reserves held at the Balance Sheet date. In particular, the management of spending against General Annual Grant (GAG) requires special attention when considering restricted reserves. The Academy is keen to ensure that income received in any year is spent for the benefit of those students in the Academy in that year. If there are reserves leftover, they are directed to support future projects for the Academy and for the benefit of the students. The monthly management accounts are generally in line with projected budget spend which is another main indicator.

As funding is based on student numbers this is also a key performance indicator. Student numbers for the funding period ending 31st August 2017 were 1034 of which 760 were in years 7-11 and 274 in the Sixth Form. With demand for places high in the school it is anticipated that this number will be maintained in lower school but Sixth Form numbers can vary and this is a matter discussed regularly by the Academy Governors and Management Team, bearing in mind the downward trend of 6th Form funding. Current pupil numbers for the Sixth Form 2017/18 academic year remain strong reflecting the status, quality and diversity of curriculum provision within the school.

Going Concern
After making appropriate enquiries, the board of trustees has a reasonable expectation that the academy trust 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
Most of the Academy's income is obtained from the DfE via the ESFA in the form of recurrent grants, the use of which is restricted to particular purposes. The grants received from the ESFA during the period ended 31st August 2017 and the associated expenditure are shown as Restricted Funds in the Statement of Financial Activities.

Catering income totalling £249k and the hiring of school facilities, including the Cricket and Sports Centre, totalling £27k, are classed as unrestricted funding and continue to be a vital source of income to allow the academy to offer wide ranging extra-curricular activities.

During the year ended 31st August 2017, total expenditure was covered by recurrent grant funding from the ESFA, together with other incoming resources.

The Academy will continue to sustain appropriate staffing levels to deliver a broad and balanced curriculum that meets the needs of the pupils whilst maintaining the Christian ethos. Staffing costs (excluding supply staff costs and restructuring costs) as a percentage of General Annual Grant is calculated at 96.9% for 2016/17 (2015/16: 94.8%). Due to a small number of long-term absences throughout the year 2.8% (2015/16: 2.6%) of the staffing costs was spent on supply teachers, totalling £137k.

Unrestricted funds are in deficit at the year end totalling (£164k) due to the transfer of funds to cover the GAG restricted fund. One-off supply agency costs hit the academy within the year but are not expected to continue going forward.

The Academy has taken on the deficit in the Local Government Pension Scheme (Merseyside Pension Fund) in respect of its Support Staff transferred on conversion. The deficit decreased from £1,964k to £1,850k at the year end.

At the year end, the Academy had no significant liabilities arising from trade creditors or debtors where there would be a significant effect on liquidity or the requirement for any provisions.

Key financial policies adopted or reviewed during the year include the Financial Procedures Handbook which lays out the framework for financial management, including financial responsibilities of the Trustees, Principal, managers, budget holders and other staff, as well as delegated authority for spending. Other policies reviewed and updated included Risk Management as well as a review of Insurance needs.

Restricted Fixed Asset Funds
The Academy received grants for fixed assets in the year from the ESFA and is shown in the Statement of Financial Activities as restricted income in the Fixed Asset Fund.

Restricted Fixed Asset Funds (continued)
The ESFA capital funding for concrete cladding works to the small yard area (totalling £205k) which began in the previous year, and for which income was recognised in the previous year, were completed in October 2016. The academy was also successful in a capital bid (totalling £249k) for a third phase of concrete cladding works in the large yard area as well as a successful bid for fire precaution works (totalling £131k). Work to date totalling £35k for the cladding project and £107k for the fire precaution works is included in this year's accounts with completion expected by mid-November 2017.

Further capital expenditure to upgrade and continually improve the ICT offering in the school totalled £5k and £22k has been spent on improving one of the technology rooms to improve the engineering curriculum currently on offer.

At 31st August 2017 the net book value of fixed assets and movements in tangible fixed assets are shown in the notes to the financial statements. The assets were used exclusively for providing education and the associated support services to the students of the Academy.

The land, buildings and other assets were transferred to the Academy upon conversion. Land and buildings were professionally valued at that time. Other assets have been included in the financial statements at a best estimate taking into account purchase price and remaining useful lives.

Financial and Risk Management Objectives and Policies
The Academy has agreed a Risk Management Policy incorporating a Risk Register. There is also a business continuity plan. These have been discussed by Governors and include the financial risks to the Academy. The register and plan are constantly reviewed by the SLT in light of any new information and formally reviewed at each Premises, Finance and Audit Committee meeting.

The Governors have assessed the major risks to which the Academy is exposed, in particular those relating to its finances, teaching, future pupil numbers, facilities and other operational areas. The Governors have implemented a number of systems to assess and minimise those risks, including internal controls described elsewhere.

Whilst the Academy is over-subscribed at year 7, risks to revenue funding from a falling roll are small. However, 6th Form numbers can vary and this is a matter discussed regularly by the Academy Governors and Management Team, bearing in mind the reduction in post 16 funding levels, the freeze on the Government's overall education budget, and changes in funding arrangements for special educational needs and increasing employment and premises costs. This means that budgets will be increasingly tight in coming years.

The Governors examine the financial health formally every term, reviewing performance against budgets and overall expenditure by means of regular update reports at all Full Governors' and Premises, Finance & Audit Committee meetings. The Governors also regularly review cash flow management and ensure sufficient funds are held to cover all known and anticipated commitments.

The Governors recognise that the defined benefit scheme deficit (Local Government Pension Scheme), which is set out in the Notes to the financial statements, represents a significant potential liability. However, as the Governors consider that that Academy is able to meet its known annual contribution commitments for the foreseeable future, the risk from this liability is minimised.

Reserves Policy
The Governors review the reserve levels of the Academy annually. This review encompasses the nature of income and expenditure streams, the need to match income with commitments and the nature of reserves. The Governors take into consideration the future plans of the Academy, the uncertainty over future income streams and other key risks identified during the risk review.

The Governors have determined that the appropriate levels of free cash reserves should be adequate to provide sufficient working capital to cover delays between spending and receipt of grants and to provide a cushion to deal with unexpected emergencies. Governors are satisfied with the level of free reserves held at 31 August 2017 in order to support the academy's ongoing objectives.

The amount of total funds at 31 August 2017 are £14,514k including £14,678k of restricted funds not available for general purposes of the Academy. The value of free reserves held as at 31 August 2017 totalled (£164k) deficit.

Investment Policy
All funds surplus to immediate requirements are invested to optimal effect. Where cash flow allows, sums may be invested on deposit for extended periods. Due to the nature of funding, the Academy may at times hold cash balances surplus to its short term requirements.

Governors are committed to ensuring that all funds under their control are managed in such a way as to maximise return whilst minimising risk. Day to day management of the surplus funds is delegated to the Director of Business and Finance under approvals by the Governing Body.

Principal Risks and Uncertainties
The Governors have assessed the major risks to which the Academy is exposed, in particular those relating to the specific teaching, provision of facilities and other operational areas and its finances.

The Governors have implemented a system to assess risks that the Academy faces, especially in the operational areas (e.g. in relation to teaching, health and safety and trips) and in relation to the control of finance. They maintain systems, including operational procedures (e.g. vetting of new staff and visitors) and internal financial controls in order to minimise risk. Where significant financial risk still remains they have ensured they have adequate insurance cover.

The Academy has undertaken a full review of the main areas of risks which it faces. This includes all health and safety and child protection policies and procedures. In addition a review of all financial risks is undertaken on a regular basis.

The Academy has a formal risk management process to assess business risks and to implement risk management strategies. This process involves identifying the types of risk the Academy faces, scoring and prioritising the risks in terms of their potential operational and financial impact, assessing the likelihood of occurrence and identifying means of mitigating the risks. A Risk Register is maintained and reviewed on a regular basis.

The principal risks and uncertainties facing the Academy are as follows:

Financial – the Academy has considerable reliance on continued Government funding through the ESFA and whilst this level is expected to continue, there is no assurance that Government policy or practice will remain the same or that public funding will continue at the same levels or on the same terms.

Failures in governance and/or management – the risk in this area arises from potential failure to effectively manage the Academy's finances, internal controls, compliance with regulations and legislation, statutory returns, etc. The Governors continue to review and ensure that appropriate measures are in place to mitigate these risks. The Governors also see it an essential requirement to have the appropriate expertise on the Governing Body to challenge the Academy and therefore mitigate any risk due to incompetency.

Reputational – the continuing success of the Academy is dependent on continuing to attract applicants in sufficient numbers by maintaining the highest educational standards. To mitigate this risk Governors ensure that student success and achievement are closely monitored and reviewed. Governors also see that the Admissions Policy is reviewed each year to review and address the current policy and recommend any changes.

Safeguarding and child protection – the Governors continue to ensure that the highest standards are maintained in the areas of selection and monitoring of staff, the operation of child protections policies and procedures, health and safety and discipline. The Governors ensure that key staff, along with a selection of Governors attend annual Safeguarding Training. All staff are aware of the importance of maintaining the Academy's Safeguarding procedures.

Staffing – the success of the Academy is reliant on the quality of its Staff and so the Governors monitor and review policies and procedures to ensure continued development and training of staff as well as ensuring there is clear succession planning.

Fraud and mismanagement of funds – The Academy has appointed RSM Risk Assurance Services LLP to carry out additional checks on financial systems and records as required by the Academy Financial Handbook 2016. All finance staff receive training to keep them up to date with financial practice requirements and develop their skills in this area.

Trustees' Report and Strategic Report (continued)

Plans for Future Periods
Our primary focus in 2017/2018 is to continue the work to ensure our students make significant progress and achieve high degrees of success in their examinations. This will be achieved by ensuring staff focus on teaching and learning strategies, additional CPD for staff and ensuring that Pupil Premium is directed at the most vulnerable students to enable them to progress and achieve in their learning.

The Governors will review the new Academy Improvement Plan and consider what reserves are necessary to accomplish further outcomes for teaching and learning, environment and appropriate staffing structure.

There are two major capital projects due to be completed, next academic year, which have been funded by the ESFA following a successful Condition Improvement Fund 'CIF' bid:

- The concrete cladding works in the large yard, which began in August 2017, is due to complete by mid November 2017 and will improve the thermal condition of the building as well as improving aesthetics.
- The fire precaution works, which began in August 2017, is due to be completed by mid-November.

Funds Held as Custodian Trustee on Behalf of Others
The Academy and its Governors do not act as the Custodian Trustees of any other Charity.

Auditor
RSM UK Audit LLP has indicated its willingness to be reappointed as the Academy Trust's auditors for the period 2017/2018.

Statement as to disclosure of information to auditors
The Governors have confirmed that, as far as they are aware, there is no relevant audit information of which the Academy's auditor is unaware. The Trustees 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 and to establish that it has been communicated to the auditor.

The Trustees' report, incorporating a strategic report, is approved by order of the board of trustees, as the company directors, on 14 December 2017 and signed on the board's behalf by:

P Oliver
Chair of Governors

St Margaret's Church of England Academy
(A Company Limited by Guarantee)

Governance Statement

Scope of Responsibility

As Governors, we acknowledge we have overall responsibility for ensuring that the Academy 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 St. Margaret's Church of England Academy and the Secretary of State for Education. They are 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 Trustees' Report and in the Statement of Trustees' Responsibilities. The board of trustees has formally met 5 times during the year. Attendance during the year at meetings of the board of trustees was as follows:

Governor	Possible	Attended
The Bishop of Liverpool	5	0
Mr Stephen Bray	5	4
Mr Stephen Brierley	5	5
Mr Ken Cain	5	5
Mr Stephen Claus	5	3
Mrs Stephanie Davidson	5	4
Ms Celina Duzant	5	5
Mr Mark Fidler	5	4
Mr John Foulkes	5	4
Rev Ian Greenwood	5	5
Miss Jane Griffiths	5	5
Mrs Helen Schluter	2	2
Miss Deana Hughes	5	5
Mr Andrew McCaldon	5	4
Mrs Janet McCall	5	4
Mr Peter Oliver	5	5
Mrs Marion Thomas	2	1
Rev Michael Morris	3	3
Mrs Victoria Merriman	3	2
Mr Terry Van Eker	5	5
Mr Chris Ward	5	2

The office of the Bishop of Liverpool is available to attend meetings from time to time and is represented by the Liverpool Diocesan Education Trust.

Governors receive management accounts and other key data such as pupil progress to ensure that they are aware of all activities within the academy. The annual Academy Improvement Plan highlights the objectives for the year and is reviewed at every board meeting to ensure that progress is being made on key areas in the year.

Governance Reviews

A full internal governance review took place during the year in the form of a skills audit to ensure that there were no shortage of skills at Board level and to ensure that all sub-committees included the appropriate personnel. As a result of the skills audit, a number of new Trustee positions were sought and recruited in the year.

Governance Statement (continued)

The Premises, Finance and Audit Committee is a committee of the main Governing Body. Its purpose is to monitor the financial administration of the Academy to ensure efficient and effective use of funds in accordance with current regulations by discussion, review and challenge at its meetings.

Attendance at meetings in the year was as follows:

Governor	Possible	Attended
Mr Andrew McCaldon	4	3
Ms Celina Duzant	4	4
Mr Terry Van Eker	4	4
Mr Stephen Bray	4	4
Mr Stephen Brierley	4	3
Mr Kenneth Cain	4	4
Mrs Janet McCall	4	4

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 by:

- maximising additional income generation through the letting of the Cricket and Sports Centre to local amateur sports clubs as well as to other charitable organisations for the benefit of the local community. This year has seen the continued offering of a wider range of sporting activities, including tai chi and rugby for juniors, to the wider local community. An online booking facility has been developed to ensure the hiring of our school buildings is easier and income is received immediately helping cashflow. Secondments of staff to other educational establishments has led to income generation as well as fostering closer ties to FE colleges.
- all expenditure is subject to the "Scheme of Delegation" as set-out in the Academy's Finance Manual which sets the limits for expenditure. For expenditure over £500 competitive quotations are sought to ensure that the best value for money is obtained and that the investment will generate the best possible results for the school. A number of contracts that were due for renewal in the year were subject to a full competitive tender process resulting in cost savings as well as enhanced service offers to the academy. The Academy has made a decision to buy back services from the Local Authority at a cost which is lower than going to an external provider; for example, subject specific collaborative forums and management of schools admission appeals.
- the Senior Leadership Team and Governing Body are committed to seeking to ensure that funds are used in a way which maximises the benefits to our pupils. Monthly finance reports, highlighting actual performance against budgets, are used to make informed decisions about the best use of the schools funds. The Finance and Audit Committee receive termly budget monitoring reports. They also have the knowledge to challenge how effective financial management controls are via the deployment of a firm of Chartered Accountants to report on how the Academy's financial procedures have been implemented (Responsible Officer work). The RO Financial Controls Health-check undertaken in the year gave assurance that robust financial controls are in place at the Academy with no major control weaknesses highlighted.

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 trust 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 ended 31st August 2017 and up to the date of approval of the annual report and financial statements.

Governance Statement (continued)

Capacity to Handle Risk

The Governing Body has reviewed the key risks to which the academy 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 year ending 31st 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 board of trustees;
- regular reviews by the finance and general purposes 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 RSM Risk Assurance Services LLP, the external auditor, to perform additional checks. This role includes giving advice on financial matters and performing a range of checks on the academy trust's financial systems. RSM Risk Assurance Services LLP reports to the Governing Body on the operation of the system of control and on the discharge of the Governing Body's financial responsibilities. The work undertaken has been in accordance with the requirements of the financial regulations.

During the period, the Governors received a report from the work carried out which contained no matters of significance. The areas covered in the review were:

- Post 16 Student Records Review
- High-Level Financial Systems Healthcheck

Review of Effectiveness

As accounting officer the Principal has responsibility for reviewing the effectiveness of the system of internal control. During the year in question the review has been informed by:

- the work of the responsible officer;
- the work of the external auditor;
- the financial management and governance self-assessment process;
- the work of the executive managers within the academy trust who have responsibility for the development and maintenance of the internal control framework.

The accounting officer has been advised of the implications of the result of their review of the system of internal control by the Premises, Finance and Audit Committee and a plan to address any weaknesses identified and ensure continuous improvement of the system is in place.

Approved by order of the members of the Governing Body on 14 December 2017 and signed on its behalf by:

P Oliver
Chair of Governors

S Brierley
Accounting Officer

St Margaret's Church of England Academy
(A Company Limited by Guarantee)

Statement on Regularity, Propriety and Compliance

As accounting officer of St Margaret's Church of England Academy I have considered my responsibility to notify the academy trust board of trustees 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 board of trustees 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 trustees and ESFA.

S Brierley
Accounting Officer

14 December 2017

St Margaret's Church of England Academy
(A Company Limited by Guarantee)

Statement of Trustees' Responsibilities

The trustees (who act as governors of St Margaret's Church of England Academy and are also the directors of the charitable company for the purposes of company law) are responsible for preparing the Trustees' Report (including the Strategic Report) and the financial statements in accordance with the Annual Accounts Direction issued by the Education and Skills Funding Agency, United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice) and applicable law and regulations.

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

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

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

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

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

Approved by order of the members of the Governing Body on 14 December 2017 and signed on its behalf by:

P Oliver
Chair of Governors

Independent Auditor's report to the Members of St Margaret's Church of England Academy

Opinion on financial statements

We have audited the financial statements of St Margaret's Church of England Academy (the "academy trust") for the year ended 31 August 2017 which comprise the Statement of Financial Activities, the Balance Sheet, the Cash Flow Statement and notes to the financial statements, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law, United Kingdom Accounting Standards, including FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland' (United Kingdom Generally Accepted Accounting Practice), and the Academies: Accounts Direction 2016 to 2017 issued by the Education and Skills Funding Agency.

In our opinion the financial statements:

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

Basis for opinion

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

Conclusions relating to going concern

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

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

Other information

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

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

We have nothing to report in this regard.

Opinion on other matter prescribed by the Companies Act 2006

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

- the information given in the Trustees' Report and the incorporated Strategic Report for the financial year for which the financial statements are prepared is consistent with the financial statements; and

Independent Auditor's report to the Members of St Margaret's Church of England Academy (continued)

- the Trustees' Report and the incorporated Strategic Report have been prepared in accordance with applicable legal requirements.

Matters on which we are required to report by exception
In the light of the knowledge and understanding of the charitable company and its environment obtained in the course of the audit, we have not identified material misstatements in the Trustees' Report and the incorporated Strategic Report.

We have nothing to report in respect of the following matters in relation to which the Companies Act 2006 requires us to report to you if, in our opinion:
- adequate accounting records have not been kept by the charity, 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 trustees' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit.

Responsibilities of Trustees
As explained more fully in the Statement of Trustees' responsibilities set out on page 15, the trustees (who are also the directors of the charitable company for the purposes of company law) are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the trustees determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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

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

A further description of our responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website at 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 2006. 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 auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the charitable company and the charitable company's members as a body, for our audit work, for this report, or for the opinions we have formed.

RSM UK Audit LLP

KEITH WARD (Senior Statutory Auditor)
For and on behalf of RSM UK AUDIT LLP, Statutory Auditor
Chartered Accountants
14th Floor, 20 Chapel Street,
Liverpool
L3 9AG

Date 21/12/2015

St Margaret's Church of England Academy
(A Company Limited by Guarantee)

Statement of Financial Activities for the Year Ended 31 August 2017
(Incorporating Income and Expenditure Account and Statement of Total Recognised Gains and Losses)

Company number 08160433

	Note	Un-restricted funds £'000	Restricted General Funds £'000	Restricted Fixed Asset Funds £'000	Total 2017 £'000	Total 2016 £'000
Income and endowments from:						
Donations and capital grants	2	-	7	402	**409**	2,046
Charitable activities:						
Funding for the academy trust's educational operations	3	-	5,394	-	**5,394**	5,284
Other trading activities	4	276	1	-	**277**	272
Investments	5	-	-	-	-	1
Total		276	5,402	402	**6,080**	7,603
Expenditure on:						
Charitable activities:						
Academy trust educational operations	6	133	5,989	387	**6,509**	6,292
Total		133	5,989	387	**6,509**	6,292
Net income/(expenditure)		143	(587)	15	**(429)**	1,311
Transfers between funds	16	(924)	919	5	-	-
Net income/(expenditure) for the year		(781)	332	20	**(429)**	1,311
Other recognised gains and (losses)						
Re-measurement of net defined benefit obligations	23	-	216	-	**216**	(604)
Net movement in funds		(781)	548	20	**(213)**	707
Reconciliation of funds						
Total funds brought forward		617	(2,285)	16,395	**14,727**	14,020
Total funds carried forward	16	(164)	(1,737)	16,415	**14,514**	14,727

All of the academy's activities derive from continuing operations during the above two financial periods.

St Margaret's Church of England Academy
(A Company Limited by Guarantee)

Balance sheet as at 31 August 2017

Company number 08160433	Note	2017 £'000	2017 £'000	2016 £'000	2016 £'000
Fixed assets					
Tangible assets	11		**16,177**		16,270
Current assets					
Stocks	12	**5**		3	
Debtors	13	**207**		158	
Cash at bank and in hand		**629**		607	
		841		768	
Liabilities					
Creditors: amounts falling due within one year	14	**(654)**		(347)	
Net current assets			**187**		421
Net assets excluding pension liability			**16,364**		16,691
Defined benefit pension scheme liability	23		**(1,850)**		(1,964)
Total net assets			**14,514**		14,727
Funds of the academy trust					
Restricted funds					
Restricted fixed asset fund	16	**16,415**		16,395	
Restricted general fund	16	**113**		(321)	
Pension reserve	16	**(1,850)**		(1,964)	
Total restricted funds			**14,678**		14,110
Unrestricted income funds	16		**(164)**		617
Total funds			**14,514**		14,727

The financial statements on pages 18 to 41 were approved by the trustees, and authorised for issue on 14 December 2017 and are signed on their behalf by:

P Oliver
Chair of Governors

S Brierley
Accounting Officer

St Margaret's Church of England Academy
(A Company Limited by Guarantee)

Cash Flow Statement for the Year Ended 31 August 2017

	Note	2017 £'000	2016 £'000
Cash flows from operating activities			
Net cash (used in) operating activities	20	(86)	(443)
Cash flows from investing activities			
Dividends, interest and rents from investments		-	1
Purchase of tangible fixed assets		(294)	(465)
Capital grants from DfE/ESFA		402	291
Net increase/(decrease) in cash and cash equivalents in the year		22	(616)
Cash and cash equivalents at beginning of the year		607	1,223
Cash and cash equivalents at end of the year		629	607

Notes to the Financial Statements for the Year Ended 31 August 2017

1 Accounting policies

General Information

St Margaret's Church of England Academy Trust is a charitable company. The address of the Trust's principal place of business is given on page 2. The nature of the Academy Trust's operations are set out in the Trustees' Report.

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.

St Margaret's Church of England Academy meets the definition of a public benefit entity under FRS 102.

The principal accounting policies applied in the preparation of these financial statements are set out below. These policies have been applied consistently, in dealing with items which are considered material in relation to the financial statements, to all the years presented, unless otherwise stated.

The financial statements are presented in sterling, which is also, the functional currency of the Academy Trust. Monetary amounts in these financial statements are rounded to the nearest thousand except where otherwise indicated.

Going Concern

The trustees 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 trustees make this assessment in respect of a period of one year from the date of approval of the financial statements and 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.

At the balance sheet date the Academy had net assets of £14,514,000 after providing for long term pension scheme commitments of £1,850,000 in respect of the support staff defined benefit pension scheme.

The Trustees have reviewed and approved budget forecasts for 2017/18 and future years, and consider in the light of this review that it is appropriate to prepare the financial statements on a going concern basis.

Income

All incoming resources are recognised when the academy trust has entitlement to the funds, certainty of receipt and the amount can be measured with sufficient reliability.

- **Grants**

  Grants are included in the Statement of Financial Activities on a receivable basis. The balance of income received for specific purposes but not expended during the period is shown in the relevant funds on the balance sheet. Where income is received in advance of entitlement of receipt its recognition is deferred and included in creditors as deferred income. Where entitlement occurs before income is received, the income is accrued.

  General Annual Grant is recognised in full in the year for which it is receivable and any unspent amount is reflected as a balance in the restricted general fund. Capital grants are recognised when there is

1 **Accounting policies *(continued)***

Income (continued)

- **Grants (continued)**

  entitlement and when performance related conditions have been met and are not deferred over the life of the asset on which they are expended. Unspent amounts of capital grants are reflected in the balance in the restricted fixed asset fund.

- **Donations**

  Donations are recognised on a receivable basis where there is certainty of receipt and the amount can be reliably measured.

- **Other Income**

  Other income, including the hire of facilities, is recognised in the period it is receivable and to the extent the goods have been provided or on completion of the service.

- **Donated Services and Gifts in Kind**

  The value of donated services and gifts in kind provided to the academy trust are recognised at their open market value in the period in which they are receivable as incoming resources, where the benefit to the academy trust can be reliably measured. An equivalent amount is included as expenditure under the relevant heading in the Statement of Financial Activities. Where the donated good is a fixed asset it is measured at fair value, unless it is impractical to measure this reliably, in which case the cost of the item to the donor should be used. The gain is recognised as income from donations and a corresponding amount is included in the appropriate fixed asset category and depreciated over the useful economic life in accordance with the academy trust's accounting policies.

- **Interest Receivable**

  Interest receivable is included in the Statement of Financial Activities on a receivable basis.

Expenditure

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

- **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.

1 Accounting policies *(continued)*

Tangible Fixed Assets

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

Where tangible fixed assets have been acquired with the aid of specific grants, either from the government or from the private sector, they are included in the Balance Sheet at cost and depreciated over their expected useful economic life. 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 so as to reduce the fund over the useful economic life of the related asset on a basis consistent with the academy trust's depreciation policy.

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

Long leasehold land	Over the life of the 125 year lease
Long leasehold buildings	50 yrs straight line
Fixtures, fittings and equipment	15 yrs straight line or 5 yrs straight line
ICT equipment	33% straight line

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.

Leased Assets

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

Stock

Cleaning and catering stocks are valued at the lower of cost or net realisable value.

Taxation

The academy trust 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 trust 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.

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.

1 Accounting policies *(continued)*

Financial Instruments

The Academy Trust has chosen to adopt Sections 11 and 12 of FRS 102 in full in respect of financial instruments.

Financial assets and liabilities
Financial assets and financial liabilities are recognised when the Group becomes a party to the contractual provisions of the instrument.

Financial liabilities are classified according to the substance of the financial instrument's contractual obligations, rather than the financial instrument's legal form.
All financial assets and liabilities are initially measured at transaction price (including transaction costs), unless the arrangement constitutes a financing transaction. A financial asset or financial liability that is payable or receivable in one year is measured at the undiscounted amount expected to be received or paid net of impairment, unless it is a financing transaction. If an arrangement constitutes a financing transaction, the financial asset or financial liability is measured at the present value of the future payments discounted at a market rate of interest for a similar debt instrument.
Financial assets and financial liabilities are offset only when there is a current legally enforceable right to set off the recognised amounts and the intention to either settle on a net basis, or to realise the asset and settle the liability simultaneously.

Derecognition of financial assets and liabilities

A financial asset is derecognised only when the contractual rights to cash flows expire or are settled, or substantially all the risks and rewards of ownership are transferred to another party, or if some significant risks and rewards of ownership are retained but control of the asset has transferred to another party that is able to sell the asset in its entirety to an unrelated third party. A financial liability (or part thereof) is derecognised when the obligation specified in the contract is discharged, cancelled or expires.

Pensions Benefits

Retirement Benefits to employees of the academy trust are provided by the Teachers' Pension Scheme ('TPS') and the Local Government Pension Scheme ('LGPS'). These are defined benefit schemes and the assets are held separately from those of the academy trust.

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 trust 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 unit credit method. As stated in Note 23, 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. Differences between contributions payable in the year and contributions actually paid are shown as either accruals or prepayments.

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 a 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 net income 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.

1 Accounting policies *(continued)*

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

Termination Benefits

Termination benefits are recognised immediately as an expense when there is a clear decision or commitment to terminate the employment or provide such termination benefits.

Fund Accounting

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

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

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

Where fixed assets are purchased out of unrestricted or general restricted funds then an amount equivalent to the additions are transferred to the restricted fixed asset fund in the year incurred and shown separately within the SOFA.

Agency Arrangements

The academy acts as an agent in the administering of 16-19 Bursary Funds from the ESFA, in respect of educational excursions and for Liverpool Schools Sports Partnership (see Note 25).

Related payments received from the ESFA or others and subsequent disbursements to students are excluded from the statement of financial activities to the extent that the academy does not have a beneficial interest in the individual transactions.

Where funds have not been fully applied in the year then an amount will be included as amounts due to the ESFA or other creditors as appropriate.

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 23, 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.

2 Donations and capital grants

	Unrestricted Funds £'000	Restricted General Funds £'000	Restricted Fixed Asset Funds £'000	Total 2017 £'000	Total 2016 £'000
Capital grants	-	-	402	**402**	291
Donations	-	7	-	**7**	23
Donated fixed assets	-	-	-	-	1,732
	-	7	402	**409**	2,046

£2,023k prior year was within restricted fixed asset funds and £23k was restricted general funds.

3 Funding for the Academy Trust's Educational Operations

	Unrestricted Funds £'000	Restricted Funds £'000	Total 2017 £'000	Total 2016 £'000
DfE/ESFA revenue grants				
General Annual Grant (GAG)	-	5,118	5,118	5,036
Other DfE/ESFA grants	-	171	171	146
	-	5,289	5,289	5,182
Other Government grants				
Local authority grants	-	-	-	5
	-	-	-	5
Non - Government income				
Other income	-	105	105	97
	-	105	105	97
	-	5,394	5,394	5,284

Notes to the Financial Statements for the Year Ended 31 August 2017 (continued)

4 Other trading activities

	Unrestricted Funds £'000	Restricted General Funds £'000	Restricted Fixed Asset Funds £'000	Total 2017 £'000	Total 2016 £'000
Hire of facilities	27	-	-	**27**	28
Sale of goods and services	-	1	-	**1**	1
Catering income	249	-	-	**249**	243
	276	1	-	**277**	272

£271k prior year was within unrestricted funds and £1k was restricted general funds.

5 Investment income

	Unrestricted Funds £'000	Restricted General Funds £'000	Restricted Fixed Asset Funds £'000	Total 2017 £'000	Total 2016 £'000
Short term deposits	-	-	-	-	1
	-	-	-	-	1

£1k prior year was within unrestricted funds.

6 Expenditure

	Staff costs £'000	Non Pay Premises £'000	Expenditure Other £'000	Total 2017 £'000	Total 2016 £'000
Academy's educational operations:					
Direct costs	4,106	387	308	4,801	4,630
Allocated support costs	1,030	209	469	1,708	1,662
	5,136	596	777	6,509	6,292

Net income/(expenditure) for the year includes:

	2017 £'000	2016 £'000
Operating leases rentals	**9**	9
Depreciation	**387**	339
Fees payable to auditor - audit services	**11**	11
- other services	**5**	9
Net interest on defined benefit scheme (note 23)	**39**	49
	451	417

7 Charitable activities

	Total 2017 £'000	Total 2016 £'000
Direct costs – educational operations		
Teaching and educational support staff costs	**4,106**	3,977
Depreciation	**387**	339
Technology costs	**32**	33
Educational supplies	**58**	62
Examination fees	**107**	106
Staff development	**15**	21
Other direct costs	**96**	92
	4,801	4,630
Support costs – educational operations		
Support staff costs	**1,030**	934
Governance costs	**16**	20
Recruitment and support	**6**	9
Maintenance of premises and equipment	**40**	34
Cleaning	**14**	15
Rent and rates	**47**	44
Energy costs	**88**	88
Insurance	**27**	35
Security and transport	**6**	10
Catering	**133**	133
Travel and subsistence	**11**	13
Other support costs	**290**	327
	1,708	1,662
Total direct and support costs	**6,509**	6,292

Expenditure on charitable activities was £6,509k (2016: £6,292k) of which £133k (2016: £133k) was unrestricted, £387k (2016: £339k) was restricted fixed asset funds and £5,989k (2016: £5,820k) was restricted general funds.

Included within governance costs are any costs associated with the strategic as opposed to day-to-day management of the charity's activities. These costs will include any employee benefits for trusteeship, the cost of charity employees involved in meetings with trustees, the cost of any administrative support provided to the trustees, and costs relating to constitutional and statutory requirements including audit and preparation of statutory accounts.

8 Staff

	2017 £'000	2016 £'000
a. Staff costs		
Staff costs during the period were:		
Wages and salaries	**3,894**	3,841
Social security costs	**382**	326
Operating costs of defined benefit pension schemes	**681**	608
Total Staff Costs	**4,957**	4,775
Supply staff costs	**137**	126
Staff restructuring costs	**42**	10
Total	**5,136**	4,911

b. Staff severance payments

Included in staff restructuring costs are contractual voluntary redundancy payments to two individuals of £30,000 and £1,612 and a settlement payment to a further individual totalling £10,030 of which the non-contractual element amounted to £1,597 (2016: £10,000 non-contractual settlement payment to one individual).

c. Staff numbers

The average number of persons employed by the academy during the year was as follows:

	Average No. Employed		Expressed as FTE	
	2017 No	2016 No	2017 No	2016 No
Charitable activities				
Teachers	**65**	66	**60**	60
Administrations and support	**57**	59	**50**	50
Management	**8**	8	**8**	8
	130	133	**118**	118

8 Staff *(continued)*

d. Higher paid staff

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

	2017 No	2016 No
£90,001 - £100,000	1	1
£60,001 - £65,000	1	1
	2	2

The value of the Principal's remuneration was £96,849 for the year ending 31 August 2017 (2016: £97,128). The above employee participated in the Teachers' Pension Scheme, employer's pension contributions for this employee in the year amounted to £15,961 (2016: £16,007). Total employer's pension contributions for the higher paid staff in the year amounted to £26,218 (2016: £25,916).

e. Key management personnel compensation

The key management personnel of the academy trust comprise the trustees and the senior leadership team as listed on page 1. The total amount of employee benefits (including employer pension contributions) received by key management personnel for their services to the academy trust was £603,593 (2016: £571,548).

9 Related Party Transactions – Trustees' remuneration and expenses

The Principal and other staff trustees only receive remuneration in respect of services they provide undertaking the roles of principal and staff, and not in respect of their services as trustees. Other trustees did not receive any payments from the academy trust in respect of their role as trustees.

The value of trustees' remuneration and other benefits was as follows:

S Brierley (principal and governor):
Remuneration £95,000 - £100,000 (2016: £95,000 - £100,000)
Employer's pension contribution paid £15,000 - £20,000 (2016: £15,000 - £20,000)

K Cain (staff governor):
Remuneration £20,000 - £25,000 (2016: £20,000 - £25,000)
Employer's pension contribution paid £1,000 - £5,000 (2016: £1,000 - £5,000)

S Davidson (staff governor):
Remuneration £40,000 - £45,000 (2016: £40,000 - £45,000)
Employer's pension contribution paid £5,000 - £10,000 (2016: £5,000 - £10,000)

During the year ended 31 August 2017, travel and subsistence expenses totalling £nil were reimbursed to governors (2016: £36 to 1 governor).

Other related party transactions involving the trustees are set out in note 24.

10 Trustees' and Officers' Insurance

The academy trust has opted into the Department of Education's Risk Protection Arrangement (RPA), an alternative to insurance where UK government funds cover losses that arise. This scheme protects trustees and officers from claims arising from negligent acts, errors or omissions occurring whilst on academy business, and provides cover up to £10,000,000. It is not possible to quantify the trustees and officers indemnity element from the overall cost of the RPA scheme.

11 Tangible Fixed Assets

	Long leasehold land and buildings £000	Furniture and equipment £000	Computer Equipment £000	Assets Under Construction £000	Total £'000
Cost					
At 1 September 2016	15,089	338	170	1,842	17,439
Additions	125	22	5	142	294
Transfers	1,817	25	-	(1,842)	-
At 31 August 2017	**17,031**	**385**	**175**	**142**	**17,733**
Depreciation					
At 1 September 2016	979	80	110	-	1,169
Provided for the year	307	45	35	-	387
At 31 August 2017	**1,286**	**125**	**145**	**-**	**1,556**
Net book value					
At 31 August 2017	**15,745**	**260**	**30**	**142**	**16,177**
At 31 August 2016	14,110	258	60	1,842	16,270

The Liverpool Diocesan Board of Finance owns the land and buildings from which the academy operates. The academy has entered into an agreement with the Diocese, whereby the Diocese has agreed to make available the land and buildings in perpetuity.

The terms of this agreement transfers substantially all the risks and rewards of ownership of the land and buildings to the academy trust and consequently the assets are recognised as a fixed asset.

Included in land and buildings is land at deemed cost of £2,636,440 which is depreciated over the 125 year lease agreement.

12 Stocks

	2017 £'000	2016 £'000
Cleaning	2	1
Catering	3	2
	5	3

There is no material difference between the replacement cost of stocks and the amounts stated above.

13 Debtors

	2017 £'000	2016 £'000
Trade debtors	31	8
VAT recoverable	43	22
Other debtors	1	33
Prepayments and accrued income	132	95
	207	158

14 Creditors: amounts falling due within one year

	2017 £'000	2016 £'000
Trade creditors	236	121
Other taxation and social security	171	95
Other creditors	166	28
Accruals and deferred income	81	103
	654	347

The academy trust had no deferred income at either year end.

Notes to the Financial Statements for the Year Ended 31 August 2017 (continued)

15 Financial Instruments

The Academy Trust has the following financial instruments:

	2017 £'000	2016 £'000
Financial Assets		
Financial assets measured at fair value through profit and loss	96	63
Financial Liabilities		
Financial liabilities measured at fair value through profit and loss	471	252

16 Funds

	Balance at 1September 2016 £'000	Incoming resources £'000	Resources expended £'000	Gains, losses and transfers £'000	Balance at 31 August 2017 £'000
Restricted general funds					
General Annual Grant (GAG)	(448)	5,118	(5,589)	919	-
Other DfE/ESFA grants	-	171	(171)	-	-
Other restricted	127	113	(127)	-	113
Pension reserve	(1,964)	-	(102)	216	(1,850)
	(2,285)	5,402	(5,989)	1,135	(1,737)
Restricted fixed asset funds					
DfE/ESFA capital grants	3,535	402	(79)	-	3,858
Capital expenditure from GAG	163	-	(67)	5	101
Transfer from local authority on conversion	12,697	-	(241)	-	12,456
	16,395	402	(387)	5	16,415
Total restricted funds	14,110	5,804	(6,376)	1,140	14,678
Total unrestricted funds	617	276	(133)	(924)	(164)
Total funds	14,727	6,080	(6,509)	216	14,514

There was a £919k reserves transfer from unrestricted to restricted funds to cover the deficit on the GAG fund.
The specific purposes for which the funds are to be applied are as follows:

(a) Restricted General Fund
The General Annual Grant (GAG) is the core funding for the educational activities of the academy provided via the Education and Skills Funding Agency (ESFA). 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.

Notes to the Financial Statements for the Year Ended 31 August 2017 (continued)

16 Funds *(continued)*

Other ESFA grants are grants from the ESFA which can only be utilised for the purpose intended.
The Pension reserve is the deficit in the Local Government Pension Scheme. The restricted pension fund is in deficit to the value of £1,850k as at 31 August 2017. The Trustees will continue to monitor this situation closely.

(b) Restricted Fixed Asset Fund
This includes fixed assets transferred on Academy conversion, together with capital grants.

(c) Unrestricted Funds

These include surpluses transferred on Academy conversion, and any other funds generated by the Academy, or donations received by the Academy with no specific purpose attached. The balance is in deficit at the year-end totalling (£164k) due to the transfer of funds to cover the GAG restricted fund. One-off supply agency costs hit the academy within the year but are not expected to continue going forward.

Funds Prior Year

	Balance at 1September 2015 £'000	Incoming resources £'000	Resources expended £'000	Gains, losses and transfers £'000	Balance at 31 August 2016 £'000
Restricted general funds					
General Annual Grant (GAG)	64	5,036	(5,548)	-	(448)
Other DfE/ESFA grants	-	146	(146)	-	-
Other restricted	89	126	(88)	-	127
Pension reserve	(1,322)	-	(38)	(604)	(1,964)
	(1,169)	5,308	(5,820)	(604)	(2,285)
Restricted fixed asset funds					
DfE/ESFA capital grants	1,621	2,023	(109)	-	3,535
Capital expenditure from GAG	163	-	-	-	163
Transfer from local authority on conversion	12,697	-	(230)	-	12,697
	14,711	2,023	(339)	-	16,395
Total restricted funds	13,542	7,331	(6,159)	(604)	14,110
Total unrestricted funds	478	272	(133)	-	617
Total funds	14,020	7,603	(6,292)	(604)	14,727

Notes to the Financial Statements for the Year Ended 31 August 2017 (continued)

17 Analysis of net assets between funds

Fund balances at 31 August 2017 are represented by:

	Unrestricted funds £'000	Restricted general funds £'000	Restricted fixed asset funds £'000	Total funds £'000
Tangible fixed assets	-	-	16,177	16,177
Current assets	490	113	238	841
Current liabilities	(654)	-	-	(654)
Pension scheme liability	-	(1,850)	-	(1,850)
Total net assets	(164)	(1,737)	16,415	14,514

Fund balances at 31 August 2016 are represented by:

	Unrestricted funds £'000	Restricted general funds £'000	Restricted fixed asset funds £'000	Total funds £'000
Tangible fixed assets	-	-	16,270	16,270
Current assets	617	26	125	768
Current liabilities	-	(347)	-	(347)
Pension scheme liability	-	(1,964)	-	(1,964)
Total net assets	617	(2,285)	16,395	14,727

18 Capital commitments

	2017 £'000	2016 £'000
Contracted for, but not provided in the financial statements	238	125

19 *Commitments under operating leases*

Operating Leases
At 31 August 2017 the academy trust had total commitments under non-cancellable operating leases as follows:

	2017 £000	2016 £000
Other		
Amounts due within one year	**5**	9
Amounts due between one and five years	**1**	6
	6	15

Notes to the Financial Statements for the Year Ended 31 August 2017 (continued)

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

	2017 £'000	2016 £'000
Net (expenditure)/income for the reporting period (as per the statement of financial activities)	(429)	1,311
Adjusted for:		
Depreciation (note 11)	387	339
Capital grants from DfE and other capital income	(402)	(2,023)
Interest receivable	-	(1)
Defined benefit pension cost less contribution payable (note 23)	59	(14)
Defined benefit pension finance cost (note 23)	43	52
(Increase)/Decrease in debtors	(49)	7
Increase/(Decrease) in creditors	307	(115)
(Increase)/Decrease in stock	(2)	1
Net cash (used in) Operating Activities	(86)	(443)

21 Cash Flows from Investing Activities

	2017 £'000	2016 £'000
Dividends, interest and rents from investments	-	1
Purchase of tangible fixed assets	(294)	(465)
Capital grants from DfE/ESFA	402	291
Net cash provided by / (used in) investing activities	108	(173)

22 Member's 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.

23 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 Pension Fund. Both are multi-employer defined benefit schemes.

The pension costs are assessed in accordance with the advice of independent qualified actuaries. The latest actuarial valuation of the TPS related to the period ended 31 March 2012 and of the LGPS 31 March 2016.

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

Teachers' Pension Scheme

Introduction

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

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

Valuation of the Teachers' Pension Scheme

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 31 March 2012 and in accordance with the Public Service Pensions (Valuations and Employer Cost Cap) Directions 2014. The valuation report was published by the Department for Education on 9 June 2014. The key elements of the valuation and subsequent consultation are:

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

During the previous year the employer contribution rate was 14.1%. The TPS valuation for 2012 determined an employer rate of 16.4%, 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.

The total employer's pension costs paid to TPS in the period amounted to £454,981 (2016: £443,896).

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

23 Pension and similar obligations *(continued)*

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.

Local Government Pension Scheme

The LGPS is a funded defined benefit scheme, with the assets held in separate trustee-administered funds. The total contribution made for the year ended 31 August 2017 was £228,000 (2016: £218,000), of which employer's contributions totalled £185,000 (2016: £179,000) and employees' contributions totalled £43,000 (2015: £39,000). The agreed contribution rates for future years are in the process of being agreed.

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	**3.7**	3.3
Rate of increase for pensions in payment/inflation	**2.2**	1.9
Discount rate for scheme liabilities	**2.4**	2.1
Inflation assumption (CPI)	**2.2**	1.8

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

Retiring today	**At 31 August 2017**	**At 31 August 2016**
Males	**21.6yrs**	22.5yrs
Females	**24.7yrs**	25.4yrs
Retiring in 20 years		
Males	**24.2yrs**	24.9yrs
Females	**27.7yrs**	28.2yrs

23 Pension and similar obligations *(continued)*

Local Government Pension Scheme *(continued)*

The academy trust's share of the assets in the scheme were:

	Fair value at 31 August 2017 £'000	% of total	Fair value at 31 August 2016 £'000	% of total
Equities	**870**	**52.4**	591	52.5
Government Bonds	**56**	**3.4**	52	4.6
Other Bonds	**201**	**12.1**	133	11.8
Property	**133**	**8.0**	92	8.2
Cash/liquidity	**80**	**4.8**	42	3.7
Other	**321**	**19.3**	216	19.2
	1,661	**100**	1,126	100

The expected rate of return on plan assets is based on market expectations at the beginning of the period, or investment returns over the life of the related obligation. The assumption used is the average of the above assumptions appropriate to the individual asset classes weighted by the proportion of the assets in the particular asset class.

The actual return on scheme assets was £123,000 (2016: £177,000).

Amount recognised in the statement of financial activities	**2017 £'000**	**2016 £'000**
Current service cost	**(244)**	(165)
Total operating charge	**(244)**	(165)
Analysis of pension finance costs		
Expected return on pension scheme assets	**26**	35
Interest on pension liabilities	**(65)**	(84)
Administration expenses	**(4)**	(3)
Pension finance costs	**(43)**	(52)

23 Pension and similar obligations *(continued)*

Changes in the present value of defined benefit obligations were as follows:	2017 £000	2016 £000
At 1 September	**3,090**	2,188
Current service cost	**244**	165
Interest cost	**65**	84
Employee contributions	**43**	39
Actuarial loss	**112**	746
Benefits paid	**(43)**	(132)
At 31 August	**3,511**	3,090

Changes in the fair value of academy's share assets:	2017 £000	2016 £000
At 1 September	**1,126**	866
Interest on plan assets	**26**	35
Actuarial gain	**328**	142
Employer contributions	**185**	179
Employee contributions	**43**	39
Benefits paid	**(43)**	(132)
Administration expenses	**(4)**	(3)
At 31 August	**1,661**	1,126

The estimated value of employer contributions for the year ended 31 August 2018 is £177,000.

24 Related party transactions

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

There were no related party transaction took place in the period of account.

25 Agency Arrangements

The academy trust acts as an agent in respect of educational excursions. In the accounting period ending 31 August 2017 the trust received £191,988 and paid £159,632 in respect of school trips. An amount of £8,235 (2016: £24,121 debtor) is included in other creditors in relation to outstanding balances payable by the academy.

The academy also acts as an agent for Liverpool Schools Sports Partnership which is a city-wide initiative to encourage active lifestyles for young children. The South Central hub is based at St Margaret's. In the accounting period ending 31 August 2017 the trust received £262,071 and paid £130,876 in respect of LSSP activities. An amount of £131,195 is included in other creditors relating to balances payable to LSSP. There were no equivalent transactions in 2016.

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 £20,797 and disbursed £8,326 from the fund. An amount of £12,471 is included in other creditors relating to undistributed funds that is repayable to the ESFA.