

St Margaret's Church of England Academy
(A Company Limited by Guarantee)
Annual Report and Financial Statements
Year ended 31 August 2018

Company Registration Number:
08160433 (England and Wales)



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

Contents

Page:

1-2	Reference and Administrative Details
3-11	Trustees' Report and Strategic Report
12-14	Governance Statement
15	Statement on Regularity, Propriety and Compliance
16	Statement of Trustees' Responsibilities
17-18	Independent Auditor's Report on the Financial Statements
19	Statement of Financial Activities incorporating Income & Expenditure Account
20	Balance Sheet
21	Cash Flow Statement
	Notes to the Financial Statements, incorporating:
22-26	- Statement of Accounting Policies
27-42	- Other Notes to the Financial Statements

**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 (Resigned 16 January 2018)
Mr Stephen Claus	Appointee of LDET (Resigned 2 January 2018)
Mr Matthew Hargreaves	Appointee of LDET (Appointed 9 May 2018)
Mr Peter Oliver	Chair of Governors

Governors and Trustees

The Bishop of Liverpool	Ex-officio Governor
Mr Peter Oliver ¹⁶⁷	Chair of Governors
Dr Andrew McCaldon ²³⁶	Vice Chair of Governors
Mr John Foulkes ¹⁴⁶⁷	Governor
Rev Ian Greenwood ³⁵⁶	Governor
Mrs Janet McCall ¹²	Governor
Mr Mark Fidler ³⁴⁶	Governor
Mr Stephen Claus	Governor (Resigned 2 January 2018)
Rev Michael Morris ¹	Governor
Mr Stephen Bray ¹²	Governor
Mr Terry Van Eker ²⁴	Governor
Mrs Victoria Merriman ³⁴	Governor
Mr Stephen Brierley ¹²³⁴⁵⁶⁷	Principal Ex-officio & Accounting Officer
Ms Celine Duzant ²	Governor and Bishop's Representative
Miss Jane Griffiths ³⁴⁵⁶	LA Governor
Mr Gordon Smith ¹³	Staff Governor (Appointed 19 March 2018)
Mr Kenneth Cain	Staff Governor (Resigned 25 September 2017)
Mrs Stephanie Davidson ²⁴	Staff Governor
Mrs Nuala Dunne	Staff Governor (Appointed 5 October 2018)
Mrs Helen Schluter ²⁴⁵	Parent Governor
Miss Deana Hughes ³⁵	Parent Governor
Mr Chris Ward ¹³	Parent Governor

Company Secretary Mr Mark D'Arcy

Sub Committees of the Academy Trust

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

¹member of the Personnel Committee – chaired by John Foulkes

²member of the Premises, Finance & Audit Committee – chaired by Andrew McCaldon

³member of the Ethos & Pastoral Committee – chaired by Mark Fidler

⁴member of the Curriculum Committee – chaired by Jane Griffiths

⁵member of Admissions Committee – chaired by Ian Greenwood

⁶member of Standing Committee – chaired by Peter Oliver

⁷member of Pay Committee – chaired by John Foulkes

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

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 & Social, Moral, Spiritual & Cultural Education
Mr Geoff Laird	Assistant Principal: Director of Sixth Form (Resigned August 2018)
Mr Robert Lawton	Interim Assistant Principal: Director of Sixth Form (Appointed September 2018)
Dr Daniel Silverstone	Assistant Principal: Director of Pastoral Care
Dr Carmel Manwaring	Associate Assistant Principal: Self-Evaluation & Quality Assurance (Appointed January 2018)
Mrs Katie Pritchard	Associate Assistant Principal: Teaching & Learning and Intervention (Appointed January 2018)
Mr Mark D'Arcy	Director of Business and Finance
Clerk to Governors	Mrs S Deveney <i>can be contacted on 0151 427 1825</i>

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 2018. 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. Years 7-11 are boys only but mixed in Years 12-13. 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 1,050 (including 250 for Sixth Form) and had a roll of 997 (201 in Sixth Form) in the school census on October 2018.

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.

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

Trustees' Report and Strategic Report (continued)

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 7 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 and Pay committee meet annually and bi-annually respectively):

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.
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.
7. Pay Committee - The Pay Committee is a subcommittee of the Personnel Committee and meets to review annual pay progression for teaching staff as well as the annual performance of the Principal.

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, two Assistant Principals, two Associate 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.

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

Trustees' Report and Strategic Report (continued)

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.

Trade Union Facility Time

Relevant union officials

Number of employees who were relevant union officials during the relevant period	Full-time equivalent number
5	5

Percentage of time spent on facility time

Percentage of time	Number of employees
0%	-
1%-50%	5
51%-99%	-
100%	-

Percentage of pay bill spent on facility time

Total cost of facility time	£6,791*
Total pay bill	£4,924,024
Percentage of total pay bill spent on facility time	0.14%

*also contributed £3,120 to the Local Authority 'central shared pot'

Paid trade union activities

Time spent on paid trade union activities as a percentage of total paid facility time hours	0%
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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 3 days per week from May 2017 – May 2018 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.

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

Trustees' Report and Strategic Report (continued)

Objects and Aims (continued)

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.

Strategic Report

Achievements and Performance

Due to the changes in the educational landscape there are new headline measures for reporting school performance at key stage 4 from 2016. The traditional measures of 5 grade A-C's including English and Maths at GCSE, levels of progress in English and Maths, have been replaced with the Progress and Attainment 8 measure. This tells how pupils have progressed between the end of primary school and the end of secondary school compared to other pupils who got similar results at the end of primary school.

The 2018 results saw a drop in the progress and attainment achieved compared to the prior year. The table below shows that the overall progress 8 was -0.35. However, the Progress 8 score for disadvantaged pupils was an encouraging -0.18.

Meaningful comparison of results with years prior to 2016 are no longer possible.

At Key Stage 5 (A level and BTEC) the tables below indicate another strong performance from our students. The proportion at top grades at A-Level improved to 38.6% and the overall pass rate at 96.9% is in line with previous years.

External Examination results

GCSE

Indicator	2016	2017	2018
Progress 8 (compared to all pupils)	-0.46	-0.06	-0.35
Percentage of pupils securing a grade 5 or above in English and Maths	n/a	65%	55%

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

Trustees' Report and Strategic Report (continued)

External Examination results (continued)

A Level

	% 2015	% 2016	% 2017	% 2018
Grades A* to B	33.1	35.8	34.2	38.6
Grades A* to E	96.8	96.9	97.3	96.9
L3VA	-0.17	-0.18	-0.11	est ' +0.02

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 2018 were 1040 of which 776 were in years 7-11 and 264 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 2018/19 academic year remain strong reflecting the status, quality and diversity of curriculum provision within the school.

Other key performance indicators include examination results as disclosed on page 6 and above.

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 2018 and the associated expenditure are shown as Restricted Funds in the Statement of Financial Activities.

Catering income totalling £247k and the hiring of school facilities, including the Cricket and Sports Centre, totalling £31k, 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.

Overall there has been a £116k addition to funds carried forward compared to the previous year's overall loss of £213k. However, excluding movements on the LGPS scheme, total expenditure exceeded income for the year. Restricted general fund and unrestricted income fund reserves are now in a deficit position at the year end. Future financial efficacy will ensure that the deficit is eliminated by the end of 2018/19.

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 95.7% for 2017/18 (2016/17: 96.9%). Due to a small number of short-term absences throughout the year and staff vacancies 1.9% (2016/17: 2.7%) of the staffing costs was spent on supply teachers, totalling £95k (2016/17: £137k).

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 £1,850k to £1,606k at the year end.

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

Trustees' Report and Strategic Report (continued)

Financial Review (continued)

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.

The ESFA capital works for a third phase of concrete cladding works to the large yard area and fire precaution works which began in the previous year, and for which income was recognised in the previous year, were completed in May 2018 and July 2018 respectively. The academy was also successful in a capital bid (totalling £270k) for a multi-use games area (MUGA) this year, with income recognised in the Restricted Fixed Asset Fund in full in the year. Due to awaiting planning permission, work had not started by year-end but £15k of professional fees were incurred and capitalised in relation to this project. The project is expected to be completed by the end of December 2018.

Further capital expenditure to upgrade and continually improve the ICT offering in the school totalled £17k.

At 31st August 2018 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. Whilst the Academy continues to operate within tight financial constraints, strict financial management and the effects of recent staffing restructures, will ensure that the deficits in reserves are eliminated, with the intention that surpluses are achieved going forward.

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 nature of the Academy is that the financial instruments that are dealt with are largely bank balances, cash and trade creditors with limited trade (and other) debtors. The Governors consider its exposure to financial instruments to be minimal and such information is not material to an assessment of the Trust's assets, liabilities and financial position or results.

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

Trustees' Report and Strategic Report (continued)

Financial and Risk Management Objectives and Policies (continued)

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. The need for day to day working capital is met by careful management of the bank balance in the absence of free reserves.

The amount of total funds at 31 August 2018 are £14,630k including £14,649k of restricted funds not available for general purposes of the Academy. The value of free reserves held as at 31 August 2018 totalled (£19k) deficit.

Despite the reserves being in a deficit position as at 31 August 2018 the Governors are satisfied that this is a short term position and that the financial forecast for 2018/19 will bring the reserves back in to a surplus position through continued tight financial scrutiny and the effects of recent staffing restructures. The Governors recognise the importance of reserves in the Academy's financial stability. The aim therefore is to build up reserves to a level which is considered adequate to meet future needs of the school.

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. No funds were held invested or held on deposit during the year.

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 at every PFA Committee meeting.

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.

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

Trustees' Report and Strategic Report (continued)

Principal Risks and Uncertainties (continued)

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 2017. All finance staff receive training to keep them up to date with financial practice requirements and develop their skills in this area.

Plans for Future Periods

Our primary focus in 2018/2019 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 is one major capital project to be completed, next academic year, which has been funded by the ESFA following a successful Condition Improvement Fund 'CIF' bid:

- MUGA pitch is due to be completed by January 2019. This will complement and enhance the curriculum offer from a PE perspective.

Whilst the school is operating within tight financial constraints, the Governors and Senior Leadership Team are fully committed to ensuring resources are used efficiently and value for money is a top priority. The Premises, Finance and Audit Committee will continue to closely monitor the financial position of St Margaret's and ensure it remains a financially viable institution for many years to come. The aim is that the current deficit position within reserves will be rectified in the forthcoming 2018/19 academic year.

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 2018/2019.

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

Trustees' Report and Strategic Report (continued)

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 10 December 2018 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	2
Mr Stephen Brierley	5	5
Mr Stephen Claus	3	3
Mrs Stephanie Davidson	5	4
Ms Celine Duzant	5	3
Mr Mark Fidler	5	5
Mr John Foulkes	5	5
Rev Ian Greenwood	5	2
Miss Jane Griffiths	5	4
Mrs Helen Schluter	5	4
Miss Deana Hughes	5	5
Mr Andrew McCaldon	5	5
Mrs Janet McCall	5	5
Mr Peter Oliver	5	4
Mr Gordon Smith	2	2
Rev Michael Morris	5	4
Mrs Victoria Merriman	5	4
Mr Terry Van Eker	5	4
Mr Chris Ward	5	5

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.

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

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 (note that Mrs S Davidson joined the committee part way through the academic year):

Governor	Possible	Attended
Dr Andrew McCaldon	4	3
Ms Celine Duzant	4	3
Mr Terry Van Eker	4	4
Mr Stephen Bray	4	3
Mr Stephen Brierley	4	4
Mrs Stephanie Davidson	1	1
Mrs Helen Schluter	4	2
Mrs Janet McCall	4	3

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:

- 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.
- ensuring that value for money is being achieved, the academy has joined the newly formed 'Schools' Buying Hub North West' funded by the Department for Education. This offers buying advice and a procurement framework of supplies including ICT and facilities management as well as benchmarking against similar establishments.
- 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 school's funds. The Premises, 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 2018 and up to the date of approval of the annual report and financial statements.

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

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 2018 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 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:

- 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:

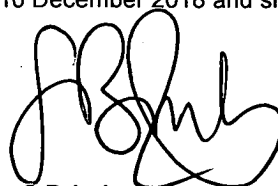
- the work of the reviewer;
- the work of the external auditor;
- the work of the executive managers within the academy trust who have responsibility for the development and maintenance of the internal control framework.

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 10 December 2018 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 2017.

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 2017.

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

10 December 2018

**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 must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the charitable company and of its incoming resources and application of resources, including its income and expenditure, for that 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 2015 and the Academies Accounts Direction 2017 to 2018;
- 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 10 December 2018 and signed on its behalf by:



P Oliver
Chair of Governors

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

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

Opinion

We have audited the financial statements of St Margaret's Church of England Academy (the "charitable company") for the year ended 31 August 2018 which comprise the Statement of Financial Activities (incorporating Income and Expenditure Account), 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 2017 to 2018 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 2018 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 2017 to 2018 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 trustees' use of the going concern basis of accounting in the preparation of the financial statements is not appropriate; or
- the trustees 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 trustees are responsible for the other information. The other information comprises the information included in the Annual Report and Financial Statements other than the financial statements and our auditor's report thereon. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon.

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

We have nothing to report in this regard.

Opinion on other 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, which includes the Directors' Report and the Strategic Report prepared for the purposes of company law for the financial year for which the financial statements are prepared is consistent with the financial statements; and

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

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

- the Directors' Report and the incorporated Strategic Report included within the Trustees' 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 Directors' Report and the incorporated Strategic Report included within the Trustees' 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, 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 16, 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.

Use of our 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

JOHN GUEST (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 *17 December 2018*

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

Statement of Financial Activities for the Year Ended 31 August 2018
(Incorporating Income and Expenditure Account)

Company number 08160433

	Note	Un- restricted funds £'000	Restricted General Funds £'000	Restricted Fixed Asset Funds £'000	Total 2018 £'000	Total 2017 £'000
Income and endowments from:						
Donations and capital grants	2	-	8	293	301	409
<i>Charitable activities:</i>						
Funding for the academy trust's educational operations	3	-	5,495	-	5,495	5,394
Other trading activities	4	278	3	-	281	277
Investments	5	1	-	-	1	-
Total		279	5,506	293	6,078	6,080
Expenditure on:						
<i>Charitable activities:</i>						
Academy trust educational operations	6	134	5,805	378	6,317	6,509
Total		134	5,805	378	6,317	6,509
Net income/(expenditure)		145	(299)	(85)	(239)	(429)
Transfers between funds	16	-	23	(23)	-	-
Net income/(expenditure) for the year		145	(276)	(108)	(239)	(429)
Other recognised gains						
Re-measurement of net defined benefit obligations	23	-	355	-	355	216
Net movement in funds		145	79	(108)	116	(213)
Reconciliation of funds						
Total funds brought forward		(164)	(1,737)	16,415	14,514	14,727
Total funds carried forward	16	(19)	(1,658)	16,307	14,630	14,514

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)

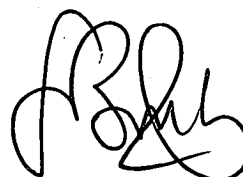
Balance sheet as at 31. August 2018

Company number 08160433	Note	2018 £'000	2018 £'000	2017 £'000	2017 £'000
Fixed assets					
Tangible assets	11		16,089		16,177
Current assets					
Stocks	12	5		5	
Debtors	13	187		207	
Cash at bank and in hand		410		629	
		<u>602</u>		<u>841</u>	
Liabilities					
Creditors: amounts falling due within one year	14	(455)		(654)	
		<u></u>		<u></u>	
Net current assets			147		187
Net assets excluding pension liability			<u>16,236</u>		<u>16,364</u>
Defined benefit pension scheme liability	23		(1,606)		(1,850)
			<u></u>		<u></u>
Total net assets			<u>14,630</u>		<u>14,514</u>
Funds of the academy trust					
Restricted funds					
Restricted fixed asset fund	16	16,307		16,415	
Restricted general fund	16	(52)		113	
Pension reserve	16	(1,606)		(1,850)	
		<u></u>		<u></u>	
Total restricted funds			14,649		14,678
Unrestricted income funds	16		(19)		(164)
			<u></u>		<u></u>
Total funds			<u>14,630</u>		<u>14,514</u>

The financial statements on pages 19 to 42 were approved by the trustees, and authorised for issue on 10 December 2018 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 2018

	Note	2018 £'000	2017 £'000
Cash flows from operating activities			
Net cash (used in) operating activities	20	(223)	(86)
Cash flows from investing activities			
Dividends, interest and rents from investments		1	-
Purchase of tangible fixed assets		(290)	(294)
Capital grants from DfE/ESFA		293	402
		<hr/>	<hr/>
Net (decrease)/increase in cash and cash equivalents in the year		(219)	22
		<hr/>	<hr/>
Cash and cash equivalents at beginning of the year		629	607
		<hr/>	<hr/>
Cash and cash equivalents at end of the year		410	629
		<hr/> <hr/>	<hr/> <hr/>

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

Notes to the Financial Statements for the Year Ended 31 August 2018

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 2017 to 2018 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 and has therefore applied the relevant public benefit requirements of 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 £14,630,000 after providing for long term pension scheme commitments of £1,606,000 in respect of the support staff defined benefit pension scheme.

Recent staffing restructures made during the academic year, in addition to the ones made the previous year, along with continued strict financial management will ensure that the deficits in reserves will be eliminated.

The Trustees have reviewed and approved budget forecasts, including cashflow forecasts for 2018/19 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, the receipt is probable 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

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

Notes to the Financial Statements for the Year Ended 31 August 2018 (continued)

1 Accounting policies (continued)

Income (continued)

▪ **Grants (continued)**

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 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 at fair value of the consideration received or receivable in the period it is receivable and to the extent the goods have been provided or on completion of the service by the Academy Trust.

▪ **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.

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

Notes to the Financial Statements for the Year Ended 31 August 2018 (continued)

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.

Assets transferred to the Academy Trust on conversion were valued at the date of transfer from the predecessor school, with the value being deemed cost going forwards.

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.

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

Notes to the Financial Statements for the Year Ended 31 August 2018 (continued)

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 Academy Trust 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') which are multi-employer defined benefit schemes.

The TPS is an unfunded scheme and contributions are calculated so as to spread the cost of pensions over employees' working lives with the academy 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. Actuarial gains and losses are recognised immediately in other gains and losses.

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

Notes to the Financial Statements for the Year Ended 31 August 2018 (continued)

1 Accounting policies (continued)

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 and Skills 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 2018. 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.

Critical accounting judgements

There are no critical accounting judgements in the opinion of the Governors.

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

Notes to the Financial Statements for the Year Ended 31 August 2018 (continued)

2 Donations and capital grants

	Unrestricted Funds £'000	Restricted General Funds £'000	Restricted Fixed Asset Funds £'000	Total 2018 £'000	Total 2017 £'000
Capital grants	-	-	293	293	402
Donations	-	8	-	8	7
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
	-	8	293	301	409
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>

£402k prior year was within restricted fixed asset funds and £7k was restricted general funds.

3 Funding for the Academy Trust's Educational Operations

	Unrestricted Funds £'000	Restricted Funds £'000	Total 2018 £'000	Total 2017 £'000
DfE/ESFA revenue grants				
General Annual Grant (GAG)	-	5,145	5,145	5,118
Other DfE/ESFA grants	-	188	188	171
	<hr/>	<hr/>	<hr/>	<hr/>
	-	5,333	5,333	5,289
	<hr/>	<hr/>	<hr/>	<hr/>
Other Government grants				
Local authority grants	-	8	8	-
	<hr/>	<hr/>	<hr/>	<hr/>
	-	8	8	-
	<hr/>	<hr/>	<hr/>	<hr/>
Non - Government income				
Other income	-	154	154	105
	<hr/>	<hr/>	<hr/>	<hr/>
	-	154	154	105
	<hr/>	<hr/>	<hr/>	<hr/>
	-	5,495	5,495	5,394
	<hr/>	<hr/>	<hr/>	<hr/>

All prior year income was included in restricted general funds.

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

Notes to the Financial Statements for the Year Ended 31 August 2018 (continued)

4 Other trading activities

	Unrestricted Funds £'000	Restricted General Funds £'000	Restricted Fixed Asset Funds £'000	Total 2018 £'000	Total 2017 £'000
Hire of facilities	31	-	-	31	27
Sale of goods and services	-	3	-	3	1
Catering income	247	-	-	247	249
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
	278	3	-	281	277
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>

£276k 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 2018 £'000	Total 2017 £'000
Short term deposits	1	-	-	1	-
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
	1	-	-	1	-
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>

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

Notes to the Financial Statements for the Year Ended 31 August 2018 (continued)

6 Expenditure

	Staff costs £'000	Non Pay Premises £'000	Expenditure Other £'000	Total 2018 £'000	Total 2017 £'000
Academy's educational operations:					
Direct costs	4,037	378	274	4,689	4,801
Allocated support costs	998	205	425	1,628	1,708
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
	5,035	583	699	6,317	6,509
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>

Net income/(expenditure) for the year includes:

	2018 £'000	2017 £'000
Operating leases rentals	12	9
Depreciation	378	387
Fees payable to auditor - audit services	12	11
- other services	1	5
Net interest on defined benefit scheme (note 23)	42	39
	<hr/>	<hr/>
	445	451
	<hr/>	<hr/>

Of prior year expenditure incurred of £6,509k, £133k was included within unrestricted funds, £5,989k was included within restricted general funds and £378k was included within restricted asset funds.

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

Notes to the Financial Statements for the Year Ended 31 August 2018 (continued)

7 Charitable activities

	Total 2018 £'000	Total 2017 £'000
Direct costs – educational operations		
Teaching and educational support staff costs	4,037	4,106
Depreciation	378	387
Technology costs	34	32
Educational supplies	50	58
Examination fees	85	107
Staff development	10	15
Other direct costs	95	96
	<hr/> 4,689 <hr/>	<hr/> 4,801 <hr/>
Support costs – educational operations		
Support staff costs	998	1,030
Governance costs	17	16
Recruitment and support	2	6
Maintenance of premises and equipment	37	40
Cleaning	8	14
Rent and rates	49	47
Energy costs	86	88
Insurance	25	27
Security and transport	4	6
Catering	132	133
Travel and subsistence	6	11
Other support costs	264	290
	<hr/> 1,628 <hr/>	<hr/> 1,708 <hr/>
Total direct and support costs	<hr/> 6,317 <hr/>	<hr/> 6,509 <hr/>

Expenditure on charitable activities was £6,317k (2017: £6,509k) of which £134k (2017: £133k) was unrestricted, £378k (2017: £387k) was restricted fixed asset funds and £5,805k (2017: £5,989k) 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.

Included within other support costs are LGPS deficit repayments, marketing, printing and photocopying and telephony costs.

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

Notes to the Financial Statements for the Year Ended 31 August 2018 (continued)

8 Staff

	2018	2017
	£'000	£'000
a. Staff costs		
Staff costs during the period were:		
Wages and salaries	3,863	3,894
Social security costs	385	382
Operating costs of defined benefit pension schemes	676	681
	<hr/>	<hr/>
Total Staff Costs	4,924	4,957
Supply staff costs	95	137
Staff restructuring costs	16	42
	<hr/>	<hr/>
Total	5,035	5,136
	<hr/>	<hr/>

b. Staff severance payments

Included in staff restructuring costs are settlement payments to three individuals of £14,000, £1,700 and £625 of which the non-contractual element amounted to £9,559, £1,700 and £625 respectively (2017: £30,000 and £1,612 contractual voluntary redundancy payments to two individuals and £10,030 settlement payment to one individual, of which the non-contractual element amounted to £1,597).

c. Staff numbers

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

	Average No. Employed		Expressed as FTE	
	2018	2017	2018	2017
	No	No	No	No
Charitable activities				
Teachers	67	65	62	60
Administrations and support	54	57	46	50
Management	7	8	7	8
	<hr/>	<hr/>	<hr/>	<hr/>
	128	130	115	118
	<hr/>	<hr/>	<hr/>	<hr/>

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

Notes to the Financial Statements for the Year Ended 31 August 2018 (continued)

8 Staff (continued)

d. Higher paid staff

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

	2018 No	2017 No
£90,001 - £100,000	1	1
£65,001 - £70,000	1	-
£60,001 - £65,000	1	1
	3	2

The value of the Principal's remuneration was £95,099 for the year ending 31 August 2018 (2017: £96,849). The above employee participated in the Teachers' Pension Scheme, employer's pension contributions for this employee in the year amounted to £15,672 (2017: £15,961). Total employer's pension contributions for the higher paid staff in the year amounted to £37,213 (2017: £26,218).

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 £575,540 (2017: £603,593).

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 (2017: £95,000 - £100,000)

Employer's pension contribution paid £15,000 - £20,000 (2017: £15,000 - £20,000)

G Smith (staff governor):

Remuneration £10,000 - £15,000

Employer's pension contribution paid £0 - £500

S Davidson (staff governor):

Remuneration £40,000 - £45,000 (2017: £40,000 - £45,000)

Employer's pension contribution paid £5,000 - £10,000 (2017: £5,000 - £10,000)

K Cain (staff governor, resigned 23rd September 2017)

Remuneration £0 - £5,000 (2017: £20,000 - £25,000)

Employer's pension contribution paid £0 - £500 (2017: £1,000 - £5,000)

During the year ended 31 August 2018, travel and subsistence expenses totalling £nil were reimbursed to governors (2017: £nil).

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

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

Notes to the Financial Statements for the Year Ended 31 August 2018 (continued)

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
<i>Cost</i>					
At 1 September 2017	17,031	385	175	142	17,733
Additions	214	42	18	16	290
Transfers	35	107	-	(142)	-
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
At 31 August 2018	17,280	534	193	16	18,023
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
<i>Depreciation</i>					
At 1 September 2017	1,286	125	145	-	1,556
Provided for the year	311	41	26	-	378
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
At 31 August 2018	1,597	166	171	-	1,934
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
<i>Net book value</i>					
At 31 August 2018	15,683	368	22	16	16,089
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
At 31 August 2017	15,745	260	30	142	16,177
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>

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.

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

Notes to the Financial Statements for the Year Ended 31 August 2018 (continued)

12 Stocks

	2018 £'000	2017 £'000
Cleaning	2	2
Catering	3	3
	<hr/>	<hr/>
	5	5
	<hr/>	<hr/>

13 Debtors

	2018 £'000	2017 £'000
Trade debtors	26	31
VAT recoverable	16	43
Other debtors	2	1
Prepayments and accrued income	143	132
	<hr/>	<hr/>
	187	207
	<hr/>	<hr/>

14 Creditors: amounts falling due within one year

	2018 £'000	2017 £'000
Trade creditors	82	236
Other taxation and social security	174	171
Other creditors	179	166
Accruals and deferred income	20	81
	<hr/>	<hr/>
	455	654
	<hr/>	<hr/>

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

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

Notes to the Financial Statements for the Year Ended 31 August 2018 (continued)

15 Financial Instruments

The Academy Trust has the following financial instruments:

	2018 £'000	2017 £'000
<i>Financial Assets</i>		
Financial assets measured at amortised cost	81	96
	<hr/>	<hr/>
<i>Financial Liabilities</i>		
Financial liabilities measured at amortised cost	281	483
	<hr/>	<hr/>

16 Funds

	Balance at 1 September 2017 £'000	Incoming resources £'000	Resources expended £'000	Gains, losses and transfers £'000	Balance at 31 August 2018 £'000
Restricted general funds					
General Annual Grant (GAG)	-	5,145	(5,220)	23	(52)
Other DfE/ESFA grants	-	188	(188)	-	-
Other restricted	113	173	(286)	-	-
Pension reserve	(1,850)	-	(111)	355	(1,606)
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
	(1,737)	5,506	(5,805)	378	(1,658)
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
Restricted fixed asset funds					
DfE/ESFA capital grants	3,858	293	(88)	(23)	4,040
Capital expenditure from GAG	101	-	(49)	-	52
Transfer from local authority on conversion	12,456	-	(241)	-	12,215
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
	16,415	293	(378)	(23)	16,307
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
Total restricted funds	14,678	5,799	(6,183)	355	14,649
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
Total unrestricted funds	(164)	279	(134)	-	(19)
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
Total funds	14,514	6,078	(6,317)	355	14,630
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>

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 2018.

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

Notes to the Financial Statements for the Year Ended 31 August 2018 (continued)

16 Funds (continued)

Other ESFA grants are grants from the ESFA which can only be utilised for the purpose intended. Other restricted funds relate to other income streams which are used specifically to provide educational resources for the pupils of the Academy.

The Pension reserve is the deficit in the Local Government Pension Scheme. The restricted pension fund is in deficit to the value of £1,606k as at 31 August 2018. 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 (£19k) due to the transfer of funds to cover the GAG restricted fund in the previous year.

The funds transfer in the year of £23k represents amounts of devolved formula capital grant spent on repairs.

Continued financial constraints and costs rising without increased pupil funding has led to a deficit balance of £52k on the GAG funding and £19k deficit within unrestricted funds. Recent staffing restructures along with continued tight financial scrutiny will eliminate the deficits by the end of 2018/19.

Funds Prior Year

	Balance at 1 September 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)
	<u>(2,285)</u>	<u>5,402</u>	<u>(5,989)</u>	<u>1,135</u>	<u>(1,737)</u>
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
	<u>16,395</u>	<u>402</u>	<u>(387)</u>	<u>5</u>	<u>16,415</u>
Total restricted funds	<u>14,110</u>	<u>5,804</u>	<u>(6,376)</u>	<u>1,140</u>	<u>14,678</u>
Total unrestricted funds	<u>617</u>	<u>276</u>	<u>(133)</u>	<u>(924)</u>	<u>(164)</u>
Total funds	<u>14,727</u>	<u>6,080</u>	<u>(6,509)</u>	<u>216</u>	<u>14,514</u>

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

Notes to the Financial Statements for the Year Ended 31 August 2018 (continued)

17 Analysis of net assets between funds

Fund balances at 31 August 2018 are represented by:

	Unrestricted funds	Restricted general funds	Restricted fixed asset funds	Total funds
	£'000	£'000	£'000	£'000
Tangible fixed assets	-	-	16,089	16,089
Current assets	436	(52)	218	602
Current liabilities	(455)	-	-	(455)
Pension scheme liability	-	(1,606)	-	(1,606)
	<hr/>	<hr/>	<hr/>	<hr/>
Total net assets	(19)	(1,658)	16,307	14,630
	<hr/>	<hr/>	<hr/>	<hr/>

Fund balances at 31 August 2017 are represented by:

	Unrestricted funds	Restricted general funds	Restricted fixed asset funds	Total funds
	£'000	£'000	£'000	£'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)
	<hr/>	<hr/>	<hr/>	<hr/>
Total net assets	(164)	(1,737)	16,415	14,514
	<hr/>	<hr/>	<hr/>	<hr/>

18 Capital commitments

	2018 £'000	2017 £'000
Contracted for, but not provided in the financial statements	255	238
	<hr/>	<hr/>

19 Commitments under operating leases

Operating Leases

At 31 August 2018 the academy trust had total commitments under non-cancellable operating leases as follows:

	2018 £000	2017 £000
Other		
Amounts due within one year	1	5
Amounts due between one and five years	-	1
	<hr/>	<hr/>
	1	6
	<hr/>	<hr/>

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

Notes to the Financial Statements for the Year Ended 31 August 2018 (continued)

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

	2018	2017
	£'000	£'000
Net (expenditure)/income for the reporting period (as per the statement of financial activities)	(239)	(429)
Adjusted for:		
Depreciation (note 11)	378	387
Capital grants from DfE and other capital income	(293)	(402)
Interest receivable	(1)	-
Defined benefit pension cost less contribution payable (note 23)	65	59
Defined benefit pension finance cost (note 23)	46	43
Decrease/(Increase) in debtors	20	(49)
(Decrease)/Increase in creditors	(199)	307
(Increase) in stock	-	(2)
	<hr/>	<hr/>
Net cash (used in) Operating Activities	(223)	(86)
	<hr/>	<hr/>

21 Cash Flows from Investing Activities

	2018	2017
	£'000	£'000
Dividends, interest and rents from investments	1	-
Purchase of tangible fixed assets	(290)	(294)
Capital grants from DfE/ESFA	293	402
	<hr/>	<hr/>
Net cash provided by investing activities	4	108
	<hr/>	<hr/>

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.

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

Notes to the Financial Statements for the Year Ended 31 August 2018 (continued)

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' 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)
- 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%

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

The total employer's pension costs paid to TPS in the period amounted to £450,967 (2017: £454,981).

A copy of the valuation report and supporting documentation is on the [Teachers' Pensions website](#).

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

Notes to the Financial Statements for the Year Ended 31 August 2018 (continued)

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 2018 was £222,000 (2017: £228,000), of which employer's contributions totalled £177,000 (2017: £185,000) and employees' contributions totalled £45,000 (2017: £43,000). 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.

The current valuation does not reflect the expected increase in benefits and therefore liability as a result of Guaranteed Minimum Pension ('GMP') equalisation between men and women which is required as a result of the removal of the Additional State Pension. Methodologies for a long-term solution are still being investigated by the Government as set out in the published (January 2018) outcome of the Government Consultation 'Indexation and Equalisation of GMP in Public Sector Pensions Schemes' and therefore the expected impact cannot be reliably estimated and consequently no provision/liability has been recognised.

Principal actuarial assumptions	At 31 August 2018	At 31 August 2017
	%	%
Rate of increase in salaries	3.6	3.7
Rate of increase for pensions in payment/inflation	2.2	2.2
Discount rate for scheme liabilities	2.8	2.4
Inflation assumption (CPI)	2.1	2.2

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

<i>Retiring today</i>	At 31 August 2018	At 31 August 2017
Males	22.0yrs	21.6yrs
Females	24.8yrs	24.7yrs
 <i>Retiring in 20 years</i>		
Males	25.0yrs	24.2yrs
Females	27.8yrs	27.7yrs

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

Notes to the Financial Statements for the Year Ended 31 August 2018 (continued)

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 2018 £'000	% of total	Fair value at 31 August 2017 £'000	% of total
Equities	1,009	52.0	870	52.4
Government Bonds	66	3.4	56	3.4
Other Bonds	229	11.8	201	12.1
Property	177	9.1	133	8.0
Cash/liquidity	60	3.1	80	4.8
Other	400	20.6	321	19.3
	<hr/> 1,941 <hr/>	<hr/> 100 <hr/>	<hr/> 1,661 <hr/>	<hr/> 100 <hr/>

The actual return on scheme assets was £101,000 (2017: £123,000).

Amount recognised in the statement of financial activities	2018 £'000	2017 £'000
Current service cost	(242)	(244)
	<hr/>	<hr/>
Total operating charge	(242)	(244)
	<hr/>	<hr/>
Analysis of pension finance costs		
Expected return on pension scheme assets	42	26
Interest on pension liabilities	(84)	(65)
Administration expenses	(4)	(4)
	<hr/>	<hr/>
Pension finance costs	(46)	(43)
	<hr/>	<hr/>

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

Notes to the Financial Statements for the Year Ended 31 August 2018 (continued)

23 Pension and similar obligations (continued)

Changes in the present value of defined benefit obligations were as follows:	2018 £000	2017 £000
At 1 September	3,511	3,090
Current service cost	242	244
Interest cost	84	65
Employee contributions	45	43
Actuarial (gain) / loss	(295)	112
Benefits paid	(40)	(43)
	<hr/>	<hr/>
At 31 August	3,547	3,511
	<hr/>	<hr/>
Changes in the fair value of academy's share assets:	2018 £000	2017 £000
At 1 September	1,661	1,126
Interest on plan assets	42	26
Actuarial gain	60	328
Employer contributions	177	185
Employee contributions	45	43
Benefits paid	(40)	(43)
Administration expenses	(4)	(4)
	<hr/>	<hr/>
At 31 August	1,941	1,661
	<hr/>	<hr/>

The estimated value of employer contributions for the year ended 31 August 2019 is £179,000.

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. No related party transaction took place in the period of account, other than certain Trustees' remuneration and expenses already disclosed in note 9.

25 Agency Arrangements

The academy trust acts as an agent in respect of educational excursions. In the accounting period ending 31 August 2018 the trust received £183,550 and paid £216,610 in respect of school trips. An amount of £24,824 (2017: £8,235 creditor) is included in prepayments and accrued income in relation to outstanding balances receivable 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 2018 the trust received £167,320 and paid £163,055 in respect of LSSP activities. An amount of £135,459 (2017: £131,195) is included in other creditors relating to balances payable to LSSP.

The academy trust distributes 16-19 bursary funds to students as an agent for ESFA. In the accounting period ending 31 August 2018 the trust received £20,038 and disbursed £11,504 from the fund. An amount of £20,958 (2017: £12,471) is included in other creditors relating to undistributed funds that is repayable to the ESFA.