

Company Registration No. 09235635 (England and Wales)

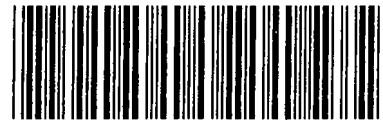
DIOCESE OF LIVERPOOL ACADEMIES TRUST (MERSEYSIDE)

(A COMPANY LIMITED BY GUARANTEE)

GOVERNORS' REPORT AND AUDITED ACCOUNTS
FOR THE YEAR ENDED 31 AUGUST 2016



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DIOCESE OF LIVERPOOL ACADEMIES TRUST (MERSEYSIDE)

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DIOCESE OF LIVERPOOL ACADEMIES TRUST (MERSEYSIDE)

REFERENCE AND ADMINISTRATIVE DETAILS

Members

Dr J Richardson - Resigned 31 July 2016
Father R Peers - Appointed 1 September 2016
Mrs C Roberts
Dr D Dennison
Mr M Elliott

Governors

Mrs C Roberts (Chair of Governors)
Mrs H Hunter (Vice Chair of Governors)
Venerable P Spiers
Mr R Miller
Mr R C Cotsworth
Mr P G Masterson (Retired 16 October 2015)
Mrs V Gee (Retired 24 July 2016)
Mr A D Smith
Miss A Mulligan
Mr M Leicester
Ms J Cliff
Mr M W Parry
Dr S J Hulme (Headteacher)
Rev S Lucas (Appointed 26 September 2015 and retired 1 March 2016)
Mr P McParlan (Appointed 14 December 2015)
Ms H Woods (Appointed 26 February 2016)
Mr N Brunskill (Appointed 29 February 2016)

Senior management team

- Deputy Headteacher
- Deputy Headteacher
- Assistant Headteacher
- Strategic Business Manager
- Director of KS3
- Director of KS4
- Lead Practitioner Mathematics
- Lead Practitioner Science

Mr J Morrin
Mrs C McIntyre
Ms A Quarless
Ms I Melia
Mr B Stichbury
Ms J Lewis
Mr A Cassell
Mrs H Moulton

Company secretary

Mrs I Melia

Company registration number

09235635 (England and Wales)

Company name

Diocese of Liverpool Academies Trust (Merseyside)

Registered office

St Michael's Church of England High School
St Michael's Road
Crosby
Liverpool
L23 7UL

DIOCESE OF LIVERPOOL ACADEMIES TRUST (MERSEYSIDE)

REFERENCE AND ADMINISTRATIVE DETAILS

Independent auditor

Moore and Smalley LLP
Richard House
9 Winckley Square
Preston
PR1 3HP

Bankers

Lloyds Bank
Liverpool Law Courts
PO Box 1000
BX1 1LT

Solicitors

Lee Bolton Monier-Williams
1 The Sanctuary
Westminster
London
SW1P 3JT

DIOCESE OF LIVERPOOL ACADEMIES TRUST (MERSEYSIDE)

GOVERNORS' REPORT

FOR THE YEAR ENDED 31 AUGUST 2016

The governors present their annual report together with the audited financial statements of the Trust for the period from 1 September 2015 to 31 August 2016. The annual report serves the purposes of both a governors' report and a directors' report under company law.

The comparative figures for the period ended 31 August 2015 are for a 10 month period.

The Diocese of Liverpool Academies Trust (Merseyside) ("The Trust") operates an Academy for pupils aged 11 - 18 serving a catchment area in Sefton. Although the Trust has been set up as a Multi Academy Trust, it is currently operating one Academy, St Michael's Church of England High School.

Structure, governance and management

Constitution

The 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 Trust.

St Michael's Church of England High School converted to St Michael's Church of England High School ("The Academy") on 1st November 2014 and became the first Academy to be operated within the Trust.

The Trust was incorporated on 25th September 2014 and commenced its activities on the transfer of St Michael's Church of England High School from the Local Authority on the conversion date stated above.

The charitable company is known as The Diocese of Liverpool Academies Trust (Merseyside)

The governors of St Michael's Church of England High School are also the directors of the Trust for the purposes of company law and the trustees. Details of the governors who served during the year are included in the Reference and Administrative Details on page 1.

Members' liability

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

Governors' indemnities

The academy has purchased indemnity insurance to protect governors and officers from claims arising in connection with academy business. The insurance provides cover of up to £10,000,000 on any one claim.

Method of recruitment and appointment or election of governors

The Academy Trust shall have the following Governors:

- No fewer than 5 directors but no maximum.
- At least 2 and up to 4 staff directors appointed by the staff.
- At least 2 Parent Governors appointed by parents of registered pupils at the Academy,
- The Principal.

The Academy Trust may also appoint up to 2 Co-opted Governors.

During the year 1st September 2015 to 31st August 2016 the governors held four meetings augmented by the Finance & Personnel, Achievement, Teaching & Learning, Ethos, Behaviour & Safety, Audit and Annual Pay sub committees.

DIOCESE OF LIVERPOOL ACADEMIES TRUST (MERSEYSIDE)

GOVERNORS' REPORT (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2016

Policies and procedures adopted for the induction and training of governors

The training and induction provided for new governors will depend on their existing experience. All new governors have an initial meeting with the Headteacher, an opportunity to meet staff and students and are given a tour of the school. All governors are provided with copies of policies, procedures, minutes, accounts, budgets, plans and other documents that they will need to undertake in their role as governors. On-going training is provided through various training providers. Induction training is also provided by our Governor Training Partner - Sefton LA and through the Diocese of Liverpool.

A skills audit has been formulated to identify future training needs. Governors annually review the skills audit and will update in accordance with the training undertaken. Governors are directly linked to faculties, attend faculty meetings and represent the team at governors meetings.

Organisational structure

The management structure of the Academy consists of 3 levels: the Governors, the Headteacher and the Senior Leadership Team.

The Governing Body are responsible for setting general policy, adopting an annual plan and budget, monitoring the Academy by use of the budgets and making major strategic decisions about the direction of the Academy, capital expenditure, senior staff appointments and all posts carrying a Teaching and Learning responsibility point. Certain elements of these responsibilities are delegated to sub-committees who make recommendations to the Full Governing body:

- Achievement, Teaching & Learning Committee
- Finance & Personnel Committee
- Ethos Behaviour & Safety Committee
- Audit Committee
- Pay Review Committee

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

The Headteacher is also the Accounting Officer and as such has executive responsibility for implementing the policies laid down by Governors and for reporting back to them. The Headteacher is also responsible for the authorisation of spending within budgets and parameters agreed by the Governing Body and for the appointment of staff.

Up to 31st August 2016, the Senior Leadership Team (SLT) consisted of the Headteacher, two Deputy Headteachers, one Assistant Headteacher, a Strategic Business Manager, two lead practitioners for Mathematics and Science and two Directors of Progress KS3 and KS4.

The Headteacher has devolved to members of this team strategic management functions and as such, they must report back directly to the Headteacher and the Governing Body.

Arrangements for setting pay and remuneration of key management personnel

The key management personnel having authority and responsibility for planning, directing and controlling the activities of the Academy, directly or indirectly, are the Governors, the Headteacher, two Deputy Headteachers, Assistant Headteacher and the Strategic Business Development Manager.

The salary levels were set in accordance within the Individual Salary Change (ISR) for group size 5 when the school was a Local Authority school.

There have been no changes to the salary range of the team since the conversion date of 1st November 2014.

DIOCESE OF LIVERPOOL ACADEMIES TRUST (MERSEYSIDE)

GOVERNORS' REPORT (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2016

Related parties and other connected charities and organisations

St Michaels Church of England High School works in partnership with South Sefton Sixth Form College to extend opportunities to its students by offering a wider range of courses at post 16.

Objectives and activities

Objects and aims

The objects of the Trust, as set out in its governing document, are to advance for the public benefit education in the United Kingdom, in particular but without prejudice to the generality of the foregoing by establishing, maintaining, carrying on, managing and developing Academies which shall offer a broad and balanced curriculum and which shall include

- Church of England schools designated as such which shall be conducted in accordance with the principles, practices and tenets of the Church of England both generally and in particular in relation to arranging for religious education and daily acts of worship, and having regard to any advice issued by the Diocesan Board of Education; and
- other Academies whether with or without a designated religious character; but in relation to each of the Academies to recognise and support their individual ethos; whether or not designated Church of England.

At the School, we believe in developing *people*. Teaching our young people values such as respect, tolerance and forgiveness is as key to our ethos as the delivery of outstanding examination performance. Our Church of England status is extremely important to us and our Christian values underpin every decision that we make for our young people.

The curriculum should enable all young people to become:

- **Successful learners** who enjoy learning, make progress and achieve
- **Confident individuals** who are able to live safe, healthy and fulfilling lives
- **Responsible citizens** who make a positive contribution to society

DIOCESE OF LIVERPOOL ACADEMIES TRUST (MERSEYSIDE)

GOVERNORS' REPORT (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2016

Objectives, strategies and activities

In addition to the rigorous and regular school self-review, the School produces an annual school improvement plan (SIP) which sets out the priorities for the forthcoming year as well as reviewing those of the previous year. The document is detailed and comprehensive.

The main objectives of the School in the year were as summarised below;

- a. Continue to improve attendance of all groups to exceed national averages
- b. Raise the achievement of the more able
- c. Improve the achievement of all groups of learners, in particular middle ability boys, by ensuring that staff have high expectations of what students can achieve and provide high quality feedback that gives clear direction and opportunities for improvement
- d. Improve the achievement of students in the Sixth Form
- e. Encourage high standards in attitudes to and behaviour for learning across the school
- f. Continue to narrow the gaps in the performance of Pupil Premium groups
- g. Enhance the existing high quality SEN(D) provision by embedding new ASC unit provision
- h. Ensure that leaders at all levels monitor and evaluate the work of their teams and take into account the views of learners and other stakeholders to sustain a cycle of continuous improvement.

Public benefit

The School aims to advance, for the public benefit, education in the United Kingdom. In setting the objectives of the School and planning associated activities, the Governors have given careful consideration to the Charity Commission's general guidance on Public Benefit.

DIOCESE OF LIVERPOOL ACADEMIES TRUST (MERSEYSIDE)

GOVERNORS' REPORT (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2016

Strategic report

Achievements and performance

The School is in its second year of operation as an Academy.

The School has had a significant increase in the number of students on roll rising by 22.45% since its operation as an Academy.

The School was inspected under the Statutory Inspection of Anglican and Methodist Schools (SIAMS) in December 2015 and was graded 'an outstanding Church of England High School'.

The broad and balanced curriculum inspires pupils to learn. The range of subjects and courses helps pupils acquire knowledge, understanding and skills in all aspects of their education, including the humanities and linguistic, mathematical, scientific, technical, social, physical and artistic learning. From 2016 the majority of students are studying the EBacc suite of subjects. The school farm also greatly enriches the curriculum.

High targets are embedded across the School which represents high expectations for ALL students. All students have an end of year target which is a subdivision of a GCSE grade/number.

Progress is generally rising across the curriculum, including in English and Mathematics. Since 2012 there has been a consistent rise in performance across the school with the results seeing Maths 2015 (63%) and English 2016 (89%) at record highs.

Examination Results

School predictions for the last two years were exceeded.

Progress is outstanding in literacy:

2015 English - 77% A*-C with 81% three levels of progress and 41% four levels of progress

2016 English - 83% A*-C with 85 % 3 levels of progress

A rigorous programme of literacy catch up ensures that no student is left behind. The school policy of 'Kindles for all' indicates the drive to ensure that St Michael's is a 'reading school'.

Improvement planning is detailed and focused on improvements to teaching and learning and the resulting outcomes for students. Recent evidence suggests that the 2013-14 and 2014-15 plans resulted in increased achievement for all groups of learners across the school compared with 2012-13. For example:

2012-2015

5 A*-C E/M up from 45% to 59% (highest ever) (2016 52% E/M only)

5 A*-C PPG up from 29% to 46%

A*-C English up from 57% to 77% with 81% 3LP (2016 83% with 85% LP)

A*-C Maths up from 56% to 70% with 62% 3LP (2016 55% with 58% 3LP)

5 A*-C E/M SEN up from 20% to 65%

In 2016 the unusually small cohort (inherited from before the current headteacher took up post) saw changes in performance of small groups of students having significant effect on the overall outcomes. For example, our analysis indicates that 7 students would have gained a C grade in Maths if the grade boundaries had not been raised substantially to record highs. This would have raised performance to 64% A*-C and above national averages.

DIOCESE OF LIVERPOOL ACADEMIES TRUST (MERSEYSIDE)

GOVERNORS' REPORT (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2016

Pupils read widely and often. Lessons in English begin with a period of silent reading and all KS3 students are issued with a Kindle to inspire and promulgate regular reading. Students who are behind in reading age when entering the school make rapid progress through carefully planned interventions. English results reached an historic high of 83 % making expected progress in 2016.

As a result of teachers developing pupils' reading, writing and communication, and where appropriate mathematics, well across the curriculum, outcomes for students in English and Maths are now at least good. English exceeds national averages with 85% of students making expected progress and 41% 4LP (2016) whilst Maths has improved to 62% 3LP in 2015 and 58% in 2016 which is broadly in line with national averages. Performance in Science now exceeds national averages with 71% passing core and 100% triple.

Students are well prepared for the next stage in their education, training or employment. The majority return to 6th form and take an academic route into University or College, whilst others benefit from the vocational pathways the school offers through partnerships with the community. National statistics indicate that we exceed national figures for staying in education, training or employment. For the last four years there has been only one student in NEETS

The great majority of students progress to higher levels during and after their study programme. They complete their study programmes, achieve qualifications relevant to their career aims and move on to sustained education, employment, training or an apprenticeship. In 2016, 91 % of students gained places at Higher Education establishments with the remaining 9% commencing apprenticeships.

Attendance

Pupils value their education and rarely miss a day at school. School attendance was 95% in 2014/15, 0.3% higher than the national average. This has increased by over 2% in the last 2 years. It dipped slightly in 2015/2016 to 94.7%. Most of this fall is linked to new students who started from a local secondary school which closed. Despite the small fall in overall attendance persistent attendance fell. No groups of pupils are disadvantaged by low attendance. All groups are making progress in relation to reducing PA. SEN students are close to or below national averages for all groups. This reflects the appropriateness of our curriculum and the care we provide for these cohorts. Our recent SIAMS report (Dec 2015) states 'therefore, students are known well, feel safe and have above-average attendance levels. They display positive attitudes to learning'.

SEN progress is consistently very strong in school. Our recent SIAMS report (Dec 2015) states 'vulnerable students and those with special needs receive highly personalised support. They blossom and achieve levels of progress and attainment significantly above national figures'. Recent attainment data shows (2015) that 75% of students with a statement or EHC achieved 5A*-C in English and maths compared to the national average of 9%.

Students are keen to attend school where they feel safe, are enjoying their learning and are making progress.

Key Performance Indicators

The School is committed to observing the importance of performance indicators, to ensure that it continues to strive for both educational and financial excellence.

To ensure that standards are continually raised, the School operates a programme of observation of lessons. This was quality assured by the Local Authority through a quality assurance visit and independently through a consultancy partnership and diocese.

The School undertakes a comparison of results from entry through Key Stage 3 to GCSE and from GCSE to A level to assess the added value.

Going concern

After making appropriate enquiries, the governing body has a reasonable expectation that the academy trust has adequate resources to continue in operational existence for the foreseeable future. For this reason the board of governors continues to adopt the going concern basis in preparing the accounts. Further details regarding the adoption of the going concern basis can be found in the statement of accounting policies.

DIOCESE OF LIVERPOOL ACADEMIES TRUST (MERSEYSIDE)

GOVERNORS' REPORT (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2016

Financial review

This set of financial statements are for the accounting year 1st September 2015 to 31st August 2016. The majority of the school's income is received from the Education Funding Agency (EFA) in the form of recurrent grants, the use of which is restricted to particular purposes. The grants received from the EFA during the year and the associated expenditure are shown as restricted funds in the statement of financial activities. The School successfully bid for funding from the Academies Capital Improvement Fund totalling £280,620 for a window replacement scheme. Total income for the period was £4,215,619.

During the period to 31st August 2016, the total expenditure of £4,540,056 was covered by the grants received from the EFA and the use of the balances brought forward on cessation as a Local Authority School. £154,153 has been transferred from unrestricted funds to fund the shortfall in GAG resulting from the need to subsidise a small year group and also 56 additional students in school for which funding has not yet been received.

As with many schools there are challenging times ahead with tight budgets and increase in costs. After making appropriate enquiries, the Governing Body is confident 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.

On conversion in 2014, the School inherited a deficit of £1,470,000 in respect of the Local Government Pension Scheme. This has increased to ££2,337,000 as at 31 August 2016. The School is currently paying contributions of approximately £64,500 towards the deficit from the GAG. The level of these deficit payments will be reviewed following the next actuarial review in 2017 and any changes in the level of repayment will be included in the School's annual budget from that date forward.

Parliament has agreed, at the request of the Secretary of State for Education, to guarantee that, in the event of academy closure, outstanding local government pension liabilities would be met from the Department of Education.

Financial and risk management objectives and policies

The School's financial objectives are;

- a. To achieve an agreed balanced budget
- b. To increase student numbers
- c. To pursue alternative sources of funding, consistent with the school's ethos
- d. To continue to invest in school's capital programme
- e. To manage cash reserves.

Reserves policy

At 31 August 2016, the School had a balance on its Unrestricted and Restricted General Funds, available for educational and general purposes of £508,748.

The Governors will review the level of reserves annually. It is their intention to balance future needs of the School with allocating appropriate funds to the education of the students on their roll. The balances currently held are earmarked for:

- *Ensuring the curriculum offer for a small year group now in year 12*
- *Anticipation of the significant increases in employer contributions for national insurance and pension.*
- *Protect curriculum offered.*

DIOCESE OF LIVERPOOL ACADEMIES TRUST (MERSEYSIDE)

GOVERNORS' REPORT (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2016

Investment policy and powers

Due to the nature of funding, the School may at times hold cash balances surplus to the short term requirements. Governors are committed to ensuring that all funds under their control are managed in such a way as to maximise return whilst minimising risk.

Principal risks and uncertainties

Governors have considered the principle risks and uncertainties that the School may be exposed to. Policies and controls have been designed so that these risks and uncertainties can be quickly identified, allowing the School to respond swiftly in order to eliminate them.

The Governors have implemented a number of systems to assess the risks that the School faces especially in the operational areas e.g. teaching, health & safety and in the control of finance. They maintain such systems e.g. vetting of new staff and visitors, a new appointment of operations manager to monitor health & safety requirements, service level agreements with Sefton Local Authority for building checks and health & safety matters and the appointment of Moore & Smalley LLP for independent checks and internal financial controls in order to minimise risks. The School has adequate insurance cover obtained through the EFA RPA scheme.

The School's system of internal financial control is based on a framework of regular management information and administrative procedures including segregation of duties and a system of delegation and accountability. The Governors have approved and work to a detailed financial regulations manual and comply with the requirements as set out in the Academies Financial Handbook. The School's system of internal financial control and checks have been examined as part of the additional checks carried out by Moore and Smalley LLP. 2 visits were made during the year 1st September 2015 to 31st August 2016. The recommendations from these additional checks have been accepted.

The Academy has also been monitored through the completion and submission of EFA and other returns:

- a) The accounts return 2015/16
- b) The Financial Management and Governance Self Evaluation
- c) Teachers' Pensions Audit
- d) Budget Forecast Return

Plans for future periods

The continuing success of the School is dependent on continuing to attract sufficient student numbers by maintaining the highest educational standards. The primary success is to continue to ensure our students make significant progress and achieve success in their examinations. This will be achieved by ensuring focus on teaching and learning strategies and providing appropriate CPD. The Governors will review the School Improvement Plan priorities and allocate resources accordingly.

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.

DIOCESE OF LIVERPOOL ACADEMIES TRUST (MERSEYSIDE)

GOVERNORS' REPORT (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2016

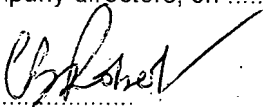
Auditor

In so far as the governors are aware:

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

A resolution proposing that Moore and Smalley LLP be reappointed as auditor of the charitable company will be put to the members.

The governors' report, incorporating a strategic report, was approved by order of the board of governors, as the company directors, on 29.11.16 and signed on its behalf by:



Mrs C Roberts
Chair of Governors

DIOCESE OF LIVERPOOL ACADEMIES TRUST (MERSEYSIDE)

GOVERNANCE STATEMENT

FOR THE YEAR ENDED 31 AUGUST 2016

Scope of responsibility

As governors we acknowledge we have overall responsibility for ensuring that St Michael's Church of England High School 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 board of governors has delegated the day-to-day responsibility to the Headteacher, 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 Michael's Church of England High School and the Secretary of State for Education. They are also responsible for reporting to the board of governors any material weaknesses or breakdowns in internal control.

Governance

The information on governance included here supplements that described in the Governors' Report and in the Statement of Governors' Responsibilities. The board of governors has formally met four times during the period of 1st September 2015 - 31st August 2016. Attendance during the year at meetings of the board of governors was as follows:

Governors	Meetings attended	Out of possible
Mrs C Roberts (Chair of Governors)	4	4
Mrs H Hunter (Vice Chair of Governors)	3	4
Venerable P Spiers	2	4
Mr R Miller	2	4
Mr R C Cotsworth	3	4
Mr P G. Masterson (Retired 16 October 2015)	0	1
Mrs V Gee (Retired 24 July 2016)	3	4
Mr A D Smith	1	4
Miss A Mulligan	3	4
Mr M Leicester	4	4
Ms J Cliff	4	4
Mr M W Parry	4	4
Dr S J Hulme (Headteacher)	4	4
Rev S Lucas (Appointed 26 September 2015 and retired 1 March 2016)	3	3
Mr P McParlan (Appointed 14 December 2015)	2	2
Ms H Woods (Appointed 26 February 2016)	1	2
Mr N Brunskill (Appointed 29 February 2016)	1	2

A skills audit of the Governors is being completed. Governors have been asked to rate their knowledge and experience in a range of areas relevant to their roles. Once this process has been completed, any training requirements will be reviewed and a training programme put in place to rectify any skills requirements. Each Governor is assigned a role in the school according to their particular skills and experience.

DIOCESE OF LIVERPOOL ACADEMIES TRUST (MERSEYSIDE)

GOVERNANCE STATEMENT (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2016

The Finance and Personnel committee is a sub-committee of the main board of governors.

The Finance & Personnel committee met four times throughout the year and examined the financial statements reviewing performance against budgets and overall expenditure by means of regular update reports at Full Governors. The Governors examine the financial position each term.

Attendance at meetings in the year was as follows:

Governors	Meetings attended	Out of possible
Mrs C Roberts (Chair of Governors)	4	4
Mr R Miller	2	4
Mr R C Cotsworth	4	4
Mr P G Masterson (Retired 16 October 2015)	1	1
Mr A D Smith	1	4
Miss A Mulligan	4	4
Dr S J Hulme (Headteacher)	4	4
Mr P McParlan (Appointed 14 December 2015)	2	2

The audit committee is a sub-committee of the main board of governors. Its purpose is to oversee the audit of the annual financial statements and additional testing of systems and procedures during the year.

Attendance at meetings in the year was as follows:

Governors	Meetings attended	Out of possible
Mrs H Hunter (Vice Chair of Governors)	2	2
Venerable P Spiers	1	1
Mr M W Parry	2	2
Rev S Lucas (Appointed 26 September 2015 and retired 1 March 2016)	1	1

Review of value for money

As accounting officer the Headteacher 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.

DIOCESE OF LIVERPOOL ACADEMIES TRUST (MERSEYSIDE)

GOVERNANCE STATEMENT (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2016

The accounting officer considers how the academy trust's use of its resources has provided good value for money during each academic year, and reports to the board of governors 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:

- Regular review of the functions of the school, **challenging** how and why services are provided and setting targets and performance indicators for improvement;
- Monitoring outcomes and **comparing** performance with similar schools and within the school;
- **Consulting** appropriate stakeholders before major decisions are made; and
- Promoting fair **competition** through quotations and tenders to ensure that goods and services are secured in the most economic, efficient and effective way.

The Governors of St Michael's Church of England High School are committed to achieving Best Value in all decisions made. We use the principles of Best Value as they apply to securing continuous improvement in this school.

We will strive to ensure that the school is using its resources effectively to meet the needs of pupils.

We will submit our Best Value statement with the annual budget plan. The progress of the annual budget plan and the Best Value statement will be monitored with the school improvement plan in order to determine the extent of continuous improvement.

The school has in place a strategy and a set of guidelines, updated annually, which will ensure that Best Value will be reviewed and demonstrated.

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 1 September 2015 to 31 August 2016 and up to the date of approval of the annual report and financial statements.

Capacity to handle risk

The board of governors has reviewed the key risks to which the academy trust is exposed together with the operating, financial and compliance controls that have been implemented to mitigate those risks. The board of governors is of the view that there is a formal ongoing process for identifying, evaluating and managing the academy trust's significant risks that has been in place for the period 1 September 2015 to 31 August 2016 and up to the date of approval of the annual report and accounts. This process is regularly reviewed by the board of governors.

DIOCESE OF LIVERPOOL ACADEMIES TRUST (MERSEYSIDE)

GOVERNANCE STATEMENT (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2016

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 governors;
- regular reviews by the finance and personnel 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 trustees have appointed Moore & Smalley LLP the external auditor, to perform additional checks. The role includes giving advice on financial matters and performing a range of checks on the academy trust's financial systems. In particular the checks carried out in the current period included:

- testing of payroll systems
- testing of purchase systems
- testing of control account/bank reconciliations
- testing of income systems
- testing of school fund
- testing of charge card controls and procedure

On a termly basis Moore & Smalley LLP reports to the board of trustees, through the Finance & Personnel committee on the operation of the systems of control and on the discharge of the board of trustees' financial responsibilities. Control issues raised during the checks have been addressed and are being implemented.

All work has been completed as planned and no material control issues have been identified.

Review of effectiveness

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

- Management accounts
- Finance & Personnel sub committee
- Reports and Minutes
- The financial management and governance self-assessment process;
- The additional controls and procedures checks by Moore & Smalley LLP
- External audit;
- The work of the executive managers within the academy trust who have responsibility for the development and maintenance of the internal control framework
- Governors Scheme of delegation
- The Business Interests process and register

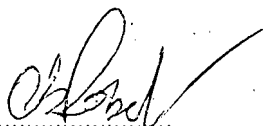
DIOCESE OF LIVERPOOL ACADEMIES TRUST (MERSEYSIDE)

GOVERNANCE STATEMENT (CONTINUED)

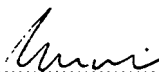
FOR THE YEAR ENDED 31 AUGUST 2016

The accounting officer has been advised of the implications of the result of their review of the system of internal control by the finance and personnel committee and a plan to address weaknesses and ensure continuous improvement of the system is in place.

Approved by order of the board of governors on 29.11.16 and signed on its behalf by:



Mrs C Roberts
Chair of Governors



Dr S J Hulme
Headteacher

DIOCESE OF LIVERPOOL ACADEMIES TRUST (MERSEYSIDE)

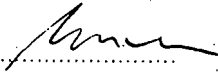
STATEMENT OF REGULARITY, PROPRIETY AND COMPLIANCE

FOR THE YEAR ENDED 31 AUGUST 2016

As accounting officer of the academy trust I have considered my responsibility to notify the academy trust board of governors and the Education Funding Agency of material irregularity, impropriety and non-compliance with EFA terms and conditions of funding, under the funding agreement in place between the academy trust and the Secretary of State for Education. As part of my consideration I have had due regard to the requirements of the Academies Financial Handbook.

I confirm that I and the academy trust's board of governors 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 2015.

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


.....
Dr S J Hulme
Accounting Officer

29/11/16

DIOCESE OF LIVERPOOL ACADEMIES TRUST (MERSEYSIDE)

STATEMENT OF GOVERNORS' RESPONSIBILITIES

FOR THE YEAR ENDED 31 AUGUST 2016

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

Company law requires the governors to prepare accounts for each financial year. Under company law the governors must not approve the accounts 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 accounts, the governors are required to:

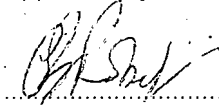
- select suitable accounting policies and then apply them consistently;
- observe the methods and principles in the Charities SORP 2015 and the Academies Accounts Direction 2015 to 2016;
- make judgements and accounting estimates that are reasonable and prudent;
- state whether applicable UK Accounting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

The governors 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 accounts 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 governors 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 that grants received from EFA/DfE have been applied for the purposes intended.

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

Approved by order of the board of governors on 29/11/16 and signed on its behalf by:



Mrs C Roberts
Chair of Governors

DIOCESE OF LIVERPOOL ACADEMIES TRUST (MERSEYSIDE)

INDEPENDENT AUDITOR'S REPORT ON THE ACCOUNTS TO THE MEMBERS OF DIOCESE OF LIVERPOOL ACADEMIES TRUST (MERSEYSIDE)

We have audited the accounts of Diocese of Liverpool Academies Trust (Merseyside) for the year ended 31 August 2016 set out on pages 23 to 43. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice), including FRS 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland', the Charities SORP 2015 and the Academies Accounts Direction 2015 to 2016 issued by the Education Funding Agency.

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 its members as a body, for our audit work, for this report, or for the opinions we have formed.

Respective responsibilities of governors and auditors

As explained more fully in the Governors' Responsibilities Statement set out on page 18, the governors, who are also the directors of Diocese of Liverpool Academies Trust (Merseyside) for the purposes of company law, are responsible for the preparation of the accounts and for being satisfied that they give a true and fair view. Our responsibility is to audit and express an opinion on the accounts in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's Ethical Standards for Auditors.

Scope of the audit of the accounts

An audit involves obtaining evidence about the amounts and disclosures in the accounts sufficient to give reasonable assurance that the accounts are free from material misstatement, whether caused by fraud or error. This includes an assessment of: whether the accounting policies are appropriate to the charitable company's circumstances and have been consistently applied and adequately disclosed; the reasonableness of significant accounting estimates made by the governors; and the overall presentation of the accounts. In addition, we read all the financial and non-financial information in the Governors' Report including the incorporated strategic report to identify material inconsistencies with the audited accounts and to identify any information that is apparently materially incorrect based on, or materially inconsistent with, the knowledge acquired by us in the course of performing the audit. If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report.

Opinion on accounts

In our opinion the accounts:

- give a true and fair view of the state of the charitable company's affairs as at 31 August 2016 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 Charities SORP 2015 and the Academies Accounts Direction 2015 to 2016.

Opinion on other matter prescribed by the Companies Act 2006

In our opinion the information given in the Governors' Report including the incorporated strategic report for the financial year for which the accounts are prepared is consistent with the accounts.

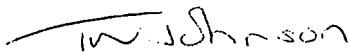
DIOCESE OF LIVERPOOL ACADEMIES TRUST (MERSEYSIDE)

INDEPENDENT AUDITOR'S REPORT ON THE ACCOUNTS TO THE MEMBERS OF DIOCESE OF LIVERPOOL ACADEMIES TRUST (MERSEYSIDE) (CONTINUED)

Matters on which we are required to report by exception

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

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



Tracey Johnson (Senior Statutory Auditor)
for and on behalf of Moore and Smalley LLP
Chartered Accountants
Statutory Auditor

Richard House
9 Winckley Square
Preston
PR1 3HP

Dated: 16 December 2016

DIOCESE OF LIVERPOOL ACADEMIES TRUST (MERSEYSIDE)

INDEPENDENT REPORTING ACCOUNTANT'S ASSURANCE REPORT ON REGULARITY TO DIOCESE OF LIVERPOOL ACADEMIES TRUST (MERSEYSIDE) AND THE EDUCATION FUNDING AGENCY

In accordance with the terms of our engagement letter dated 25 November 2014 and further to the requirements of the Education Funding Agency (EFA) as included in the Academies Accounts Direction 2015 to 2016, we have carried out an engagement to obtain limited assurance about whether the expenditure disbursed and income received by Diocese of Liverpool Academies Trust (Merseyside) during the period 1 September 2015 to 31 August 2016 have been applied to the purposes identified by Parliament and the financial transactions conform to the authorities which govern them.

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

Respective responsibilities of Diocese of Liverpool Academies Trust (Merseyside)'s accounting officer and the reporting accountant

The accounting officer is responsible, under the requirements of Diocese of Liverpool Academies Trust (Merseyside)'s funding agreement with the Secretary of State for Education dated 29 October 2014 and the Academies Financial Handbook, extant from 1 September 2015, for ensuring that expenditure disbursed and income received is applied for the purposes intended by Parliament and the financial transactions conform to the authorities which govern them.

Our responsibilities for this engagement are established in the United Kingdom by our profession's ethical guidance, and are to obtain limited assurance and report in accordance with our engagement letter and the requirements of the Academies Accounts Direction 2015 to 2016. We report to you whether anything has come to our attention in carrying out our work which suggests that in all material respects, expenditure disbursed and income received during the period 1 September 2015 to 31 August 2016 have not been applied to purposes intended by Parliament or that the financial transactions do not conform to the authorities which govern them.

Approach

We conducted our engagement in accordance with the Academies Accounts Direction 2015 to 2016 issued by EFA. We performed a limited assurance engagement as defined in our engagement letter.

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

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

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

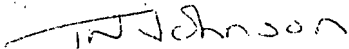
The work undertaken to draw to our conclusion includes an evaluation of the control environment of the School together with enquiry, analytical review and substantive testing of transactions.

DIOCESE OF LIVERPOOL ACADEMIES TRUST (MERSEYSIDE)

INDEPENDENT REPORTING ACCOUNTANT'S ASSURANCE REPORT ON REGULARITY TO DIOCESE OF LIVERPOOL ACADEMIES TRUST (MERSEYSIDE) AND THE EDUCATION FUNDING AGENCY (CONTINUED)

Conclusion

In the course of our work, nothing has come to our attention which suggests that in all material respects the expenditure disbursed and income received during the period 1 September 2015 to 31 August 2016 has not been applied to purposes intended by Parliament and the financial transactions do not conform to the authorities which govern them.



Tracey Johnson
Reporting Accountant
Moore and Smalley LLP

Dated: 16 December 2016

DIOCESE OF LIVERPOOL ACADEMIES TRUST (MERSEYSIDE)

STATEMENT OF FINANCIAL ACTIVITIES INCLUDING INCOME AND EXPENDITURE ACCOUNT

FOR THE YEAR ENDED 31 AUGUST 2016

		Unrestricted funds	Restricted general funds	Restricted fixed asset funds	Total 2016	Total 2015
	Notes	£	£	£	£	10 months £
Income and endowments from:						
Donations and capital grants	2	-	288,551	13,219	301,770	571,084
Donations - transfer from local authority on conversion		-	-	-	-	993,518
Charitable activities:						
- Funding for educational operations	3	6,971	3,887,383	-	3,894,354	3,244,951
Other trading activities	4	18,583	-	-	18,583	7,117
Investments	5	912	-	-	912	548
Total income and endowments		<u>26,466</u>	<u>4,175,934</u>	<u>13,219</u>	<u>4,215,619</u>	<u>4,817,218</u>
Expenditure on:						
Raising funds	6	7,056	-	-	7,056	1,555
Charitable activities:						
- Educational operations	7	-	4,506,302	26,698	4,533,000	3,361,883
Total expenditure	6	<u>7,056</u>	<u>4,506,302</u>	<u>26,698</u>	<u>4,540,056</u>	<u>3,363,438</u>
Net income/(expenditure)		19,410	(330,368)	(13,479)	(324,437)	1,453,780
Transfers between funds		(175,540)	352,311	(176,771)	-	-
Other recognised gains and losses						
Actuarial gains/(losses) on defined benefit pension schemes	16	-	(746,000)	-	(746,000)	(39,000)
Net movement in funds		<u>(156,130)</u>	<u>(724,057)</u>	<u>(190,250)</u>	<u>(1,070,437)</u>	<u>1,414,780</u>
Reconciliation of funds						
Total funds brought forward		540,246	(1,488,311)	2,362,845	1,414,780	-
Total funds carried forward	14	<u>384,116</u>	<u>(2,212,368)</u>	<u>2,172,595</u>	<u>344,343</u>	<u>1,414,780</u>

DIOCESE OF LIVERPOOL ACADEMIES TRUST (MERSEYSIDE)

BALANCE SHEET

AS AT 31 AUGUST 2016

	Notes	2016 £	£	2015 £	£
Fixed assets					
Tangible assets	11		2,145,735		2,151,657
Current assets					
Debtors	12	81,035		91,027	
Cash at bank and in hand		588,729		934,012	
		<u>669,764</u>		<u>1,025,039</u>	
Current liabilities					
Creditors: amounts falling due within one year	13	(134,156)		(216,916)	
Net current assets			535,608		808,123
Net assets excluding pension liability			<u>2,681,343</u>		<u>2,959,780</u>
Defined benefit pension liability	16		(2,337,000)		(1,545,000)
Net assets			<u><u>344,343</u></u>		<u><u>1,414,780</u></u>
Funds of the academy trust:					
Restricted funds	14				
- Fixed asset funds			2,172,595		2,362,845
- Restricted income funds			124,632		56,690
- Pension reserve			(2,337,000)		(1,545,000)
Total restricted funds			<u>(39,773)</u>		<u>874,535</u>
Unrestricted income funds	14		384,116		540,245
Total funds			<u><u>344,343</u></u>		<u><u>1,414,780</u></u>

The accounts set out on pages 23 to 43 were approved by the board of governors and authorised for issue on 29.11.16 and are signed on its behalf by:


Mrs C Roberts
Chair of Governors

Company Number 09235635

DIOCESE OF LIVERPOOL ACADEMIES TRUST (MERSEYSIDE)

STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED 31 AUGUST 2016

	Notes	2016 £	£	2015 £	£
Cash flows from operating activities					
Net cash provided by (used in) operating activities	17	(605,227)		53,277	
Cash funds transferred on conversion				588,518	
		<u>(605,227)</u>		<u>641,795</u>	
Cash flows from investing activities					
Dividends, interest and rents from investments		912		548	
Capital grants from DfE and EFA		279,808		298,117	
Payments to acquire tangible fixed assets		<u>(20,776)</u>		<u>(6,448)</u>	
		259,944		292,217	
Change in cash and cash equivalents in the reporting period		<u>(345,283)</u>		<u>934,012</u>	
Cash and cash equivalents at 1 September 2015		934,012			
Cash and cash equivalents at 31 August 2016		<u><u>588,729</u></u>		<u><u>934,012</u></u>	

DIOCESE OF LIVERPOOL ACADEMIES TRUST (MERSEYSIDE)

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 AUGUST 2016

1 Accounting policies

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

1.1 Basis of preparation

The accounts 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 2015 to 2016 issued by EFA, the Charities Act 2011 and the Companies Act 2006.

Diocese of Liverpool Academies Trust (Merseyside) meets the definition of a public benefit entity under FRS 102.

These accounts for the year ended 31 August 2016 are the first accounts of Diocese of Liverpool Academies Trust (Merseyside) prepared in accordance with FRS 102, The Financial Reporting Standard applicable in the UK and Republic of Ireland. The date of transition to FRS 102 was 1 November 2014. An explanation of how transition to FRS 102 has affected the reported financial position and financial performance is given in note 22.

1.2 Going concern

The governors assess whether the use of going concern is appropriate, ie whether there are any material uncertainties related to events or conditions that may cast significant doubt on the ability of the charitable company to continue as a going concern. The governors make this assessment in respect of a period of at least one year from the date of authorisation for issue of the accounts 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. Thus they continue to adopt the going concern basis of accounting in preparing the accounts.

1.3 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 reliably.

Grants receivable

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

General Annual Grant is recognised in full in the statement of financial activities in the year for which it is receivable, and any abatement in respect of the period is deducted from income and recognised as a liability.

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

DIOCESE OF LIVERPOOL ACADEMIES TRUST (MERSEYSIDE)

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2016

1 Accounting policies

(Continued)

Sponsorship income

Sponsorship income provided to the academy trust which amounts to a donation is recognised in the statement of financial activities in the period in which it is receivable (where there are no performance-related conditions), where the receipt is probable and it can be measured reliably.

Donations

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

Other income

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

Donated goods, facilities and services

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

Where the donated good is a fixed asset it is measured at fair value, unless it is impractical to measure this reliably, in which case the cost of the item to the donor should be used. The gain is recognised as income from donations and a corresponding amount is included in the appropriate fixed asset category and depreciated over the useful economic life in accordance with the academy trust's accounting policies.

1.4 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 are allocated on the portion of the asset's use.

All resources expended are inclusive of irrecoverable VAT.

Expenditure on raising funds

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

Charitable activities

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

DIOCESE OF LIVERPOOL ACADEMIES TRUST (MERSEYSIDE)

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2016

1 Accounting policies

(Continued)

1.5 Tangible fixed assets and depreciation

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

Where tangible fixed assets have been acquired with the aid of specific grants, either from the government or from the private sector, they are included in the balance sheet at cost and depreciated over their expected useful economic life. Where there are specific conditions attached to the funding requiring the continued use of the asset 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 the relevant assets is charged directly 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. Where tangible fixed assets have been acquired with unrestricted funds, depreciation on such assets is charged to the unrestricted fund.

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:

Land and buildings	2% per annum straight line
Computer equipment	33% per annum straight line
Fixtures, fittings & equipment	20% per annum straight line

The academy trust company occupies land (including buildings) which is owned by its Trustees who are the Diocese of Liverpool. The Trustees are the providers of the academy on the same basis as when the academy was a maintained school. The academy trust company occupies part of the land (and buildings) under a mere licence. This continuing permission of their Trustees is pursuant to, and subject to, the Trustees' charitable objects, and is part of the Church of England's contribution to provide State funded education in partnership with the State. The licence delegates aspects of the management of the land (and buildings) to the academy trust company for the time being, but does not vest any rights over the land in the academy trust company. The Trustees have given an undertaking to the Secretary of State that they will not give the academy trust company less than two years notice to terminate the occupation of the land (including buildings). Having considered the factual matrix under which the academy trust company is occupying the land (and buildings) the directors have concluded that the value of the land and buildings occupied by the academy trust company will not be recognised on the balance sheet of the company.

The school playing fields are leased under a 125 year lease from the Local Authority. These were valued as at 31 March 2015 by Mouchel and are included in the balance sheet at this valuation.

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.

1.6 Liabilities

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

1.7 Leasing and hire purchase commitments

Rentals payable under operating leases are charged against income on a straight line basis over the period of the lease.

DIOCESE OF LIVERPOOL ACADEMIES TRUST (MERSEYSIDE)

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2016

1 Accounting policies

(Continued)

1.8 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.

1.9 Pensions benefits

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

The TPS is an unfunded scheme and contributions are calculated so as to spread the cost of pensions over employees' working lives with the academy trust in such a way that the pension cost is a substantially level percentage of current and future pensionable payroll. The contributions are determined by the Government Actuary on the basis of quadrennial valuations using a prospective unit credit method. As stated in note 16, 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 are recognised in the period to which they relate.

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 operating surplus are the current service costs and the costs of scheme introductions, benefit changes, settlements and curtailments. They are included as part of staff costs as incurred. Net interest on the net defined benefit liability/asset is also recognised in the statement of financial activities and comprises the interest cost on the defined benefit obligation and interest income on the scheme assets, calculated by multiplying the fair value of the scheme assets at the beginning of the period by the rate used to discount the benefit obligations. The difference between the interest income on the scheme assets and the actual return on the scheme assets is recognised in other recognised gains and losses. Actuarial gains and losses are recognised immediately in other recognised gains and losses.

1.10 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 governors.

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

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

1.11 Agency arrangements

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

DIOCESE OF LIVERPOOL ACADEMIES TRUST (MERSEYSIDE)

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2016

1 Accounting policies

(Continued)

1.12 Critical accounting estimates and areas of judgement

Accounting 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.

Present value of the Local Government Pension Scheme defined benefit liability

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 or income for pensions include the discount rate. Any changes in these assumptions, which are disclosed in note 16, 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 2013 has been used by the actuary in valuing the pensions liability at 31 August 2016. 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.

Useful economic life of tangible fixed assets

- The useful economic life of tangible fixed assets is judged at the point of purchase.

As standard, a useful economic life of 50 years is applied to land and buildings, 3 years for computer equipment and 5 years for fixtures and fittings.

Impairment of fixed assets

At each balance sheet date, management undertake an assessment of the carrying value of tangible fixed assets to determine whether there is any indication that the value has been impaired. Where necessary, impairment is recorded as an impairment loss.

Critical areas of judgement

Classification of occupied land and buildings owned by the diocese

- The academy trust company occupies the land and buildings which are owned by the Diocese of Liverpool. The trustees are the providers of the academies on the same basis as when the academies were maintained schools. The academy trust company occupies the land and buildings under a licence. The land and buildings are not included in the accounts. Further information on the accounting treatment adopted can be found in the tangible fixed assets accounting policy.

DIOCESE OF LIVERPOOL ACADEMIES TRUST (MERSEYSIDE)

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2016

2 Donations and capital grants

	Unrestricted funds £	Restricted funds £	Total 2016 £	Total 2015 £
Donated fixed assets	-	-	-	270,209
Capital grants	-	293,839	293,839	298,117
Other donations	-	7,931	7,931	2,758
	<u>-</u>	<u>301,770</u>	<u>301,770</u>	<u>571,084</u>

The income from donations and capital grants was £301,770 (2015: £571,084) of which £- was unrestricted (2015: £1,570), £288,551 was restricted (2015: £1,188) and £13,219 was restricted fixed assets (2015: £568,326).

3 Funding for the academy trust's educational operations

	Unrestricted funds £	Restricted funds £	Total 2016 £	Total 2015 £
DfE / EFA grants				
General annual grant (GAG)	-	3,199,596	3,199,596	2,773,404
Start up grants	-	-	-	55,000
Other DfE / EFA grants	-	213,358	213,358	139,860
	<u>-</u>	<u>3,412,954</u>	<u>3,412,954</u>	<u>2,968,264</u>
Other government grants				
Local authority grants	-	412,342	412,342	236,645
	<u>-</u>	<u>412,342</u>	<u>412,342</u>	<u>236,645</u>
Other funds				
Other incoming resources	6,971	62,087	69,058	40,042
	<u>6,971</u>	<u>62,087</u>	<u>69,058</u>	<u>40,042</u>
Total funding	<u>6,971</u>	<u>3,887,383</u>	<u>3,894,354</u>	<u>3,244,951</u>

The income from funding for educational operations was £3,894,354 (2015: £3,244,951) of which £6,971 was unrestricted (2015: £628) and £3,887,383 was restricted (2015: £3,244,323).

DIOCESE OF LIVERPOOL ACADEMIES TRUST (MERSEYSIDE)

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2016

4 Other trading activities

	Unrestricted funds £	Restricted funds £	Total 2016 £	Total 2015 £
Hire of facilities	-	-	-	1,300
Other income	18,583	-	18,583	5,817
	<u>18,583</u>	<u>-</u>	<u>18,583</u>	<u>7,117</u>

The income from other trading activities was £18,583 (2015: £7,117) of which £18,583 was unrestricted (2015: £7,117).

5 Investment income

	Unrestricted funds £	Restricted funds £	Total 2016 £	Total 2015 £
Short term deposits	912	-	912	548
	<u>912</u>	<u>-</u>	<u>912</u>	<u>548</u>

The income from funding for investment income was £912 (2015: £548) of which £912 was unrestricted (2015: £548).

6 Expenditure

	Staff costs £	Premises & equipment £	Other costs £	Total 2016 £	Total 2015 £
Academy's educational operations					
- Direct costs	2,855,165	-	265,924	3,121,089	2,449,564
- Allocated support costs	476,387	444,030	491,494	1,411,911	912,319
	<u>3,331,552</u>	<u>444,030</u>	<u>757,418</u>	<u>4,533,000</u>	<u>3,361,883</u>
Other expenditure					
Raising funds	-	-	7,056	7,056	1,555
	<u>-</u>	<u>-</u>	<u>7,056</u>	<u>7,056</u>	<u>1,555</u>
Total expenditure	<u>3,331,552</u>	<u>444,030</u>	<u>764,474</u>	<u>4,540,056</u>	<u>3,363,438</u>

The expenditure on raising funds was £7,056 (2015: £1,555) of which £7,056 was unrestricted (2015: £1,555).

DIOCESE OF LIVERPOOL ACADEMIES TRUST (MERSEYSIDE)

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2016

6 Expenditure

(Continued)

Net income/(expenditure) for the year includes:	2016 £	2015 £
Fees payable to auditor for:		
- Audit	8,000	7,750
- Other services	3,175	4,325
Operating lease rentals	1,159	965
Depreciation of tangible fixed assets	26,698	

7 Charitable activities

	2016 £	2015 £
All from restricted funds:		
Direct costs - educational operations	3,121,089	2,449,564
Support costs - educational operations	1,411,911	912,319
	<u>4,533,000</u>	<u>3,361,883</u>

The expenditure on educational operations was £4,533,000 (2015: £3,361,883) of which £- was unrestricted (2015: £777), £4,506,302 was restricted (2015: £3,361,106) and £26,698 was restricted fixed assets (2015: £-).

	2016 £	2015 £
Analysis of support costs		
Support staff costs	476,387	365,392
Depreciation and amortisation	26,698	-
Premises costs	632,265	330,522
Other support costs	265,386	204,330
Governance costs	11,175	12,075
	<u>1,411,911</u>	<u>912,319</u>

8 Staff costs

	2016 £	2015 £
Wages and salaries	2,667,836	2,057,401
Social security costs	202,953	138,523
Operating costs of defined benefit pension schemes	431,827	361,885
Staff costs	<u>3,302,616</u>	<u>2,557,809</u>
Supply staff costs	28,936	352
Total staff expenditure	<u>3,331,552</u>	<u>2,558,161</u>

DIOCESE OF LIVERPOOL ACADEMIES TRUST (MERSEYSIDE)

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2016

8 Staff costs

(Continued)

Staff numbers

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

	2016 Number	2015 Number
Teachers	67	64
Administration and support	36	29
Management	9	10
	<u>112</u>	<u>103</u>

Higher paid staff

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

	2016 Number	2015 Number
£60,000 - £65,000	<u>1</u>	<u>1</u>

The above employee participated in the Teachers' Pension Scheme. During the year ended 31 August 2016 employer's pension contributions for this member of staff amounted to £13,630 (2015: £14,124)

Key management personnel

The key management personnel of the academy trust comprise the Headteacher, the Deputy Headteachers, Assistant Headteacher and the Strategic Business manager 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 £456,020.

DIOCESE OF LIVERPOOL ACADEMIES TRUST (MERSEYSIDE)

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2016

9 Governors' remuneration and expenses

One or more governors has been paid remuneration or has received other benefits from an employment with the academy trust. The Headteacher and other staff governors only receive remuneration in respect of services they provide undertaking the roles of Headteacher and staff members under their contracts of employment, and not in respect of their services as governors. Other governors did not receive any payments, other than expenses, from the academy trust in respect of their role as governors.

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

Dr Simon Hulme (Headteacher and trustee)

Remuneration £80,000 - £85,000

Employer's pension contributions £10,000 - £15,000

Ms Julie Cliff (staff trustee)

Remuneration £25,000 - £30,000

Employer's pension contributions £0 - £5,000

Mr Mark Leicester (staff trustee)

Remuneration £25,000 - £30,000

Employer's pension contributions £0 - £5,000

Mrs Adele Mulligan (staff trustee)

Remuneration £35,000 - £40,000

Employer's pension contributions £5,000 - £10,000

10 Governors and officers insurance

The academy trust has opted into the Department for 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 omission 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.

DIOCESE OF LIVERPOOL ACADEMIES TRUST (MERSEYSIDE)

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2016

11 Tangible fixed assets

	Land and buildings	Computer equipment	Fixtures, fittings & equipment	Total
	£	£	£	£
Cost				
At 1 September 2015	2,145,209	6,448	-	2,151,657
Additions	-	9,992	10,784	20,776
At 31 August 2016	2,145,209	16,440	10,784	2,172,433
Depreciation				
At 1 September 2015	-	-	-	-
Charge for the year	20,521	4,964	1,213	26,698
At 31 August 2016	20,521	4,964	1,213	26,698
Net book value				
At 31 August 2016	2,124,688	11,476	9,571	2,145,735
At 31 August 2015	2,145,209	6,448	-	2,151,657

12 Debtors

	2016 £	2015 £
Trade debtors	180	226
VAT recoverable	25,757	28,248
Prepayments and accrued income	55,098	62,553
	81,035	91,027

13 Creditors: amounts falling due within one year

	2016 £	2015 £
Trade creditors	651	-
Other taxation and social security	-	51,059
Other creditors	-	47,064
Accruals and deferred income	133,505	118,793
	134,156	216,916

DIOCESE OF LIVERPOOL ACADEMIES TRUST (MERSEYSIDE)

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2016

14 Funds

	Balance at 1 September 2015 £	Incoming resources £	Resources expended £	Gains, losses & transfers £	Balance at 31 August 2016 £
Restricted general funds					
General Annual Grant	-	3,199,596	(3,353,749)	154,153	-
Other DfE / EFA grants	35,264	493,978	(603,332)	197,547	123,457
Other government grants	10,663	412,342	(423,005)	-	-
Other restricted funds	10,762	70,018	(80,216)	611	1,175
	<u>56,689</u>	<u>4,175,934</u>	<u>(4,460,302)</u>	<u>352,311</u>	<u>124,632</u>
Funds excluding pensions	56,689	4,175,934	(4,460,302)	352,311	124,632
Pension reserve	(1,545,000)	-	(46,000)	(746,000)	(2,337,000)
	<u>(1,488,311)</u>	<u>4,175,934</u>	<u>(4,506,302)</u>	<u>(393,689)</u>	<u>(2,212,368)</u>
Restricted fixed asset funds					
DfE / EFA capital grants	211,188	13,219	-	(197,547)	26,860
Inherited funds	1,875,000	-	(15,121)	-	1,859,879
Capital expenditure from GAG and other funds	6,448	-	(11,577)	290,985	285,856
Private sector capital sponsorship	270,209	-	-	(270,209)	-
	<u>2,362,845</u>	<u>13,219</u>	<u>(26,698)</u>	<u>(176,771)</u>	<u>2,172,595</u>
Total restricted funds	<u>874,534</u>	<u>4,189,153</u>	<u>(4,533,000)</u>	<u>(570,460)</u>	<u>(39,773)</u>
Unrestricted funds					
General funds	540,246	26,466	(7,056)	(175,540)	384,116
Total funds	<u>1,414,780</u>	<u>4,215,619</u>	<u>(4,540,056)</u>	<u>(746,000)</u>	<u>344,343</u>

DIOCESE OF LIVERPOOL ACADEMIES TRUST (MERSEYSIDE)

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2016

14 Funds

(Continued)

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

General Annual Grant must be used for the normal running expenses of the School and any amounts carried forward at the end of a financial period must be used in accordance with the terms of the Funding Agreement. The school is not subject to a limit on GAG carry forward.

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

Other government grants include LEA funding for Special Educational Needs.

Other restricted funds include contributions received for school trips and other donations and their related expenditure.

The pension reserve represents the value of the School's share of the deficit in the local Government Pension Scheme.

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

15 Analysis of net assets between funds

	Unrestricted funds £	Restricted general funds £	Restricted fixed asset funds £	Total 2016 £
Fund balances at 31 August 2016 are represented by:				
Tangible fixed assets	-	-	2,145,735	2,145,735
Current assets	518,272	124,632	26,860	669,764
Creditors falling due within one year	(134,156)	-	-	(134,156)
Defined benefit pension liability	-	(2,337,000)	-	(2,337,000)
	<u>384,116</u>	<u>(2,212,368)</u>	<u>2,172,595</u>	<u>344,343</u>

16 Pensions and similar obligations

The academy trust'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 that of the LGPS related to the period ended 31 March 2013.

DIOCESE OF LIVERPOOL ACADEMIES TRUST (MERSEYSIDE)

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2016

16 Pensions and similar obligations

(Continued)

Teachers' Pension Scheme

Introduction

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

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

Valuation of the Teachers' Pension Scheme

Not less than every four years 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 (previously 14.1%))
- total scheme liabilities (pensions currently in payment and the estimated cost of future benefits) for service to the effective date of £191,500 million, and notional assets (estimated future contributions together with the notional investments held at the valuation date) of £176,600 million giving a notional past service deficit of £14,900 million
- an employer cost cap of 10.9% of pensionable pay will be applied to future valuations
- the assumed real rate of return is 3.0% in excess of prices and 2% in excess of earnings. The rate of real earnings growth is assumed to be 2.75%. The assumed nominal rate of return is 5.06%

During the previous year the employer contribution rate was 14.1%. The TPS valuation for 2012 determined an employer rate of 16.4%, which was payable from September 2015. The next valuation of the TPS will be as at March 2016, whereupon the employer contribution rate is expected to be reassessed and will be payable from 1 April 2019.

The pension costs paid to the TPS in the period amounted to £291,252.

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

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.

DIOCESE OF LIVERPOOL ACADEMIES TRUST (MERSEYSIDE)

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2016

16 Pensions and similar obligations

(Continued)

Local Government Pension Scheme

The LGPS is a funded defined-benefit scheme, with the assets held in separate trustee-administered funds. The total contributions are as noted below. The agreed contribution rates for future years are % for employers and % for employees. The estimated value of employer contributions for the forthcoming year is £162,000.

Additional payments of £64,500 per annum have been agreed. The level of these deficit payments will be reviewed following the next actuarial review in 2017.

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.

Total contributions made	2016 £	2015 £
Employer's contributions (rounded)	161,000	132,000
Employees' contributions (rounded)	41,000	33,000
Total contributions	202,000	165,000

Principal actuarial assumptions	2016 %	2015 %
Rate of increases in salaries	3.3	3.8
Rate of increase for pensions in payment	1.9	2.3
Discount rate	2.1	4
Inflation assumption (CPI)	1.8	2.3

A 0.1% increase in the discount rate reduces the liability as at 31 August 2016 from £2,337,000 to £2,274,000. A 0.1% increase in the inflation assumption increases the liability to £2,401,000 and a 1 year increase in life expectancy increases the liability to £2,384,000.

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

	2016 Years	2015 Years
Retiring today		
- Males	22.5	22.4
- Females	25.4	25.3
Retiring in 20 years		
- Males	24.9	24.8
- Females	28.2	28.1

DIOCESE OF LIVERPOOL ACADEMIES TRUST (MERSEYSIDE)

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2016

16 Pensions and similar obligations

(Continued)

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

	2016 Fair value £	2015 Fair value £
Equities	195,000	99,000
Government bonds	17,000	23,000
Other bonds	44,000	9,000
Cash/liquidity	14,000	5,000
Property	31,000	14,000
Other assets	71,000	16,000
Total market value of assets	<u>372,000</u>	<u>166,000</u>
Actual return on scheme assets - gain/(loss)	<u>48,000</u>	<u>4,000</u>

Amounts recognised in the statement of financial activities

	2016 £	2015 £
Current service cost (net of employee contributions)	146,000	117,000
Net interest cost	58,000	48,000
Administrative expenses	3,000	3,000
Total operating charge	<u>207,000</u>	<u>168,000</u>

Changes in the present value of defined benefit obligations

	2016 £
Obligations at 1 September 2015	1,711,000
Current service cost	146,000
Interest cost	68,000
Employee contributions	41,000
Actuarial loss	784,000
Benefits paid	(41,000)
At 31 August 2016	<u>2,709,000</u>

DIOCESE OF LIVERPOOL ACADEMIES TRUST (MERSEYSIDE)

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2016

16 Pensions and similar obligations (Continued)

Changes in the fair value of the academy trust's share of scheme assets	2016 £
Assets at 1 September 2015	166,000
Interest income	10,000
Return on plan assets (excluding amounts included in net interest):	
Actuarial gain	38,000
Employer contributions	161,000
Employee contributions	41,000
Benefits paid	(41,000)
Administrative expenses	(3,000)
At 31 August 2016	<u>372,000</u>

17 Reconciliation of net income/(expenditure) to net cash flows from operating activities

	2016 £	2015 £
Net income/(expenditure) for the reporting period	(324,437)	1,453,780
Adjusted for:		
Net deficit/(surplus) transferred on conversion	-	(993,518)
Capital grants from DfE/EFA and other capital income	(279,808)	(568,326)
Investment income	(912)	(548)
Defined benefit pension costs less contributions payable	(12,000)	(12,000)
Defined benefit pension net finance cost/(income)	58,000	48,000
Depreciation of tangible fixed assets	26,698	-
(Increase)/decrease in debtors	9,992	(91,027)
Increase/(decrease) in creditors	(82,760)	216,916
Net cash used in operating activities	<u>(605,227)</u>	<u>53,277</u>

18 Capital commitments

	2016 £	2015 £
Expenditure contracted for but not provided in the accounts	<u>113,939</u>	<u>196,396</u>

19 Related party transactions

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

DIOCESE OF LIVERPOOL ACADEMIES TRUST (MERSEYSIDE)

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2016

20 Members' liability

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

21 Agency arrangements

The academy trust distributes 16-19 bursary funds to students as an agent for EFA. In the accounting period ending 31 August 2016 the trust received £13,946 and disbursed £14,796 from the fund. An amount of £Nil (2015 £850) is included in other creditors relating to undistributed funds that is repayable to EFA.

22 Reconciliations on adoption of FRS 102

The transition to FRS 102 affected the figures reported for the comparative period under previous UK GAAP for funds and net income or expenditure, as follows.

Reconciliation of funds for the previous financial period

	1 September 2014 £	31 August 2015 £
Funds as reported under previous UK GAAP and under FRS 102	-	1,414,780

Reconciliation of net income for the previous financial period

	2015 £
Net income as reported under previous UK GAAP and under FRS 102	1,414,780

Notes to reconciliations on adoption of FRS 102

Change in recognition of LGPS interest cost

Under previous UK GAAP the trust recognised an expected return on defined benefit plan assets in income/expense. Under FRS102 a net interest expense, based on the net defined benefit liability, is recognised in income/expense. There has been no change in the defined benefit liability at either 1 September 2014 or 31 August 2015. The effect of the change has been to reduce the debit to expense/income by £1,000 and increase the credit in other recognised gains and losses in the SOFA by the equivalent amount.