

Company Registration No. 09235635 (England and Wales)

# LIVERPOOL DIOCESAN SCHOOLS TRUST

(A COMPANY LIMITED BY GUARANTEE)

ANNUAL REPORT AND ACCOUNTS

FOR THE YEAR ENDED 31 AUGUST 2020



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MOORE & SMALLEY

# LIVERPOOL DIOCESAN SCHOOLS TRUST

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# LIVERPOOL DIOCESAN SCHOOLS TRUST

## REFERENCE AND ADMINISTRATIVE DETAILS

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### Members

Mr M Eastwood  
Mr M Elliott  
Rt. Rev. B Mason (Appointed 17 July 2020)  
Rev. Dr C Pailing  
Dr D Dennison  
Rt. Rev. R Blackburn (Resigned 1 October 2019)

### Directors

Reverend R Peers (Chair of Directors - Appointed 3 March 2020)  
(Resigned 7 July 2020)  
Canon Dr J Richardson (Chair of Directors - Stepped down 3  
March 2020)  
Mrs M Swinson (Vice Chair of Directors)  
Mr J Nichols  
Mrs R Coulthard  
Reverend H Wood  
Mrs C Roberts  
Mr N J Lockwood  
Ms L Kwissa (Chief Executive Officer) (Appointed 11 December  
2019)  
Mr C Barratt (Appointed 3 March 2020)  
Mrs L Ryder (Appointed 3 March 2020)  
Mr S Harrison (Chair of Directors) (Appointed 7 July 2020)

### Senior management team

- Chief Executive Officer (Appointed 11 December 2019)	Ms L Kwissa
- Chief Executive Officer (Resigned 11 December 2019)	Reverend R Peers
- Deputy Chief Executive Officer (Resigned 7 June 2020)	Mr S Harrison
- Director of Finance and Operations	Mr S Boothroyd
- Senior Trust Education Officer (Appointed 1 June 2020)	Mr P Stanley

### Company secretary

Mr S Boothroyd

### Company registration number

09235635 (England and Wales)

### Registered office

St James' House  
St James Road  
Liverpool  
L1 7BY

# LIVERPOOL DIOCESAN SCHOOLS TRUST

## REFERENCE AND ADMINISTRATIVE DETAILS

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<b>Academies operated</b>	<b>Location</b>	<b>Headteacher</b>
St Michael's CE High School	Liverpool	Dr S J Hulme
Cronton CE Primary School	Widnes	Mrs S Thomson
Halewood CE Primary School	Liverpool	Mr D Smith
St Thomas CE Primary School	Liverpool	Mr M Ward
The Beacon CE Primary School	Liverpool	Mrs S Aspinwall
Huyton with Roby CE Primary School	Liverpool	Mrs J Stratford
Holy Trinity CE Primary School	Southport	Mrs S Mawdsley
Parish CE Primary School	St Helens	Mrs L Ryder (Resigned 24 February 2020) Mrs J Young (Appointed 24 February 2020)
St James CE Primary School	Wigan	Mrs J Moore
St Andrew's CE Primary School	Maghull	Mrs S Kerwin
Bishop Martin CE Primary School	Liverpool	Mrs S Aspinwall
St Helen's CE Primary School	Warrington	Mrs S Jones
St James' CE Primary School	St Helens	Mrs J Holmes
St Paul's CE Primary School	Wigan	Mrs A Jackson
Highfield St Matthews CE Primary School	Wigan	Mrs S Thomson (Resigned 20 April 2020) Mrs A Barron (Appointed 20 April 2020)
Glazebury CE Primary School	Warrington	Mrs K Mowbray
<b>Independent auditor</b>	MHA Moore and Smalley Richard House 9 Winckley Square Preston PR1 3HP	
<b>Bankers</b>	Lloyds Bank Liverpool Law Courts PO Box 1000 BX1 1LT	
<b>Solicitors</b>	Lee Bolton Monier-Williams 1 The Sanctuary Westminster London SW1P 3JT	

# LIVERPOOL DIOCESAN SCHOOLS TRUST

## DIRECTORS' REPORT

### FOR THE YEAR ENDED 31 AUGUST 2020

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The Directors present their annual report together with the accounts and auditor's report of the Trust for the year 1 September 2019 to 31 August 2020. The annual report serves the purposes of both a trustees' report, and a directors' report under company law.

The Liverpool Diocesan Schools Trust ("The Trust") operated 16 academies during the year ended 31 August 2020. The academies served catchment areas in Liverpool, Sefton, Knowsley, St Helens, Warrington and Wigan. One academy (St Michael's Church of England High School) is a secondary academy for pupils aged 11 to 18. The remaining 15 academies are primary academies for pupils aged 4 to 10.

#### **Structure, governance and management**

##### Constitution

The charitable company is known as The Liverpool Diocesan Schools Trust.

The Directors of Liverpool Diocesan Schools Trust 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.

##### Directors' indemnities

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

##### Method of recruitment and appointment or election of Directors

The Trust shall have the following Directors as set out in its Articles of Association:

- The Members shall appoint no fewer than five directors but are not subject to any maximum.
- The Chief Executive Officer shall be a Director for as long as they remain in office.
- The Trust may also appoint up to two co-opted Directors.
- Where directors have not appointed Local Governing Bodies, at least two parent directors appointed by parents of registered pupils of the Trust.

The Directors are appointed for a four year period, except this time limit does not apply to the Chief Executive Officer. Subject to remaining eligible to be a particular type of Director, any Director can be re-appointed or re-elected.

##### Policies and procedures adopted for the induction and training of Directors

When appointing new Directors, the Members will give consideration to the skills and experience mix of existing Directors in order to ensure that the Board has the necessary skills to contribute fully to the Trust's development.

There is a comprehensive induction programme managed by the Chair and Chief Executive Officer that is tailored to the individual and includes briefings by senior staff, tour of schools within the Trust to meet staff, students; and review of necessary paperwork to ensure fulfilment of the role.

# LIVERPOOL DIOCESAN SCHOOLS TRUST

## DIRECTORS' REPORT (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2020

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### Organisational structure

The Directors meet at least three and up to six times per year. They establish an overall framework for the governance of the Trust and determine membership, terms of reference and procedures of Committees and other groups. They receive reports including proposals from its Committees for ratification and monitor the activities of the Committees through the minutes of their meetings.

The Liverpool Diocesan Schools Trust has developed a scalable governance structure such that a single Board of Directors (the Board) will ultimately be responsible for the whole Trust. The Board will include at least five non-executive directors, and the Chief Executive Officer, and will be accountable to the Department for Education.

The following decisions are reserved to the Directors:

- to consider any proposals for changes to the status or constitution of the Trust and its structure;
- to appoint or remove the Chair and/or Vice Chair; and
- to appoint Headteachers within the Academies of the Trust.

The Directors are responsible for setting general policy, adopting a development plan and budget, approving the statutory accounts, monitoring the Trust's finances by the use of budgets and other data and making major decisions about the direction of the academies within the Trust, capital expenditure and senior staff appointments.

The Directors have devolved responsibility for day to day governance of the Academies within the Trust to the Local Governing Bodies of each Academy.

### 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 Trust, directly or indirectly, are the Directors and the Senior Management Team.

Directors receive no remuneration. The remuneration of the senior management team is set annually by the Directors based on performance.

The key management personnel having authority and responsibility for planning, directing and controlling the activities of each individual school within the Trust is the Headteacher of the school. The remuneration of each Headteacher is set during the annual performance appraisal and salary review undertaken by the appraisal review committee. The appraisal review committee includes the Chair of the Local Governing Body and at least one other Local Governing Body member, in conjunction with the Chief Executive Officer's designated officer.

### Trade union facility time

The Trust does not have any relevant union officials.

### Related parties and other connected charities and organisations

The Trust is connected with Liverpool Diocesan Board of Finance (LDBF). Member Mr M Eastwood is a Director of LDBF. The Trust share office space in St James House with LDBF and also share some staff resources between both organisations. There have been no charges between entities for these costs. The Trust has also paid LDBF for various religious education training, NQT support and attendance at the annual RE conference.

The Trust is also connected with Liverpool Hope University as Director Mrs M Swinson is a Trustee. During the year the Trust has paid for a training course from Liverpool Hope University.

The related party transactions with Liverpool Diocesan Board of Finance and Liverpool Hope University have not been declared to the ESFA during the year in advance. All transactions were individually trivial and did not exceed £5,000 in total. Action has been taken to establish procedures to monitor all transactions with related parties and ensure they are declared to the ESFA in advance going forward.

# LIVERPOOL DIOCESAN SCHOOLS TRUST

## DIRECTORS' REPORT (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2020

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### Objectives and activities

#### Objects and aims

##### Objects

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.

#### Vision and values

The Liverpool Diocesan Schools Trust welcomes young people of all faiths and none and is committed to providing each of them with a high quality education and environment where Christian values and principles permeate all that we do.

The Trust will support and develop Church of England and other schools and academies in the Diocese as they strive for continuous improvement and educational excellence for all pupils. The Trust aims to create social justice and enhance social mobility by delivering a high-quality education which will ensure the best possible outcomes for all its pupils.

#### Aims

- To ensure the Church of England family of schools flourishes and that the Christian values which permeate our vision for education, at both Trust and school level are reflected in all aspects of academy life.
- To ensure that Christian values and principles guide each member school and remain at the heart of all they do.
- To maintain and improve upon the 90% 'Ofsted graded' good or outstanding schools in the Diocese.
- To pursue academic excellence for all through the personal development of each individual pupil and to continually strive to exceed progress targets and expectations.
- To tackle disadvantage and to raise aspirations such that all our young people achieve their maximum potential.
- To develop pupil's decision making and problem-solving abilities so they are able to embrace opportunities and adapt to our changing world.
- To provide support in identifying and addressing any barriers to teaching and learning encountered in the Trust as a whole.
- To ensure the Trust's commitment to safeguarding and promoting the welfare of children and young people is shared by all staff and volunteers.

# LIVERPOOL DIOCESAN SCHOOLS TRUST

## DIRECTORS' REPORT (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2020

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### Objectives, strategies and activities

To achieve these aims, the Trust has established a rigorous school improvement strategy that supports and challenges schools to ensure that children achieve as well as they can. This support is provided by the Trust Education Officer, The Assistant Trust Education Officer and Associate Headteachers who undertake the role of Challenge Partners across our schools.

The Core Aims of our School Improvement strategy steer our work and ensure that through a collaborative model we are providing a systematic approach to school improvement to ensure that our pupils attain the highest standards possible, by:

- Ensuring that the distinctly Christian ethos underpins all the work of the Trust and every aspect of school life;
- Overcoming disadvantage, raising attainment and improving progression for all pupils;
- Encouraging excellent teaching and learning, enhanced by the school's distinctively Christian ethos;
- Celebrating, nurturing an developing inspirational leadership and management;
- Ensuring safeguarding is effective and integral to all aspects of school;
- Providing a graduated level of support, challenge and intervention to schools based on accurate categorisation of strengths, needs and priorities; and
- Ensuring that every school in the diocesan is supported to reach outstanding.

The 16 schools in our Trust last year all accessed the full school improvement package of support, regardless of when they joined the Trust. This support included:

- Support and guidance for LGBs for Headteacher appraisal;
- A termly meeting in schools to provide appropriate support and challenge to strengthen school systems further and improve outcomes for pupils, to identify strengths and priorities for development, to share best practice and broker support;
- Support for school self-evaluation;
- Support for data analysis and school improvement planning;
- Safeguarding training and policy;
- Cross -school moderation activities;
- Involvement in a cross-school network to raise standards in reading; and
- Involvement in the Headteacher forum to shape and review the school improvement strategy.

Those schools categorised as requiring additional support, received additional Education Officer visits and a school review which identified next steps and a package of support to address the priorities. visits and a school review which identified next steps and a package of support to address the priorities

### Public benefit

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



# LIVERPOOL DIOCESAN SCHOOLS TRUST

## DIRECTORS' REPORT (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2020

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### Strategic report

#### Achievements and performance

##### OFSTED

School	OFSTED Rating
St Michael's Church of England High School	Good (October 2017)
Cronton Church of England Primary School	Outstanding (March 2013)
Halewood Church of England Primary School	Outstanding (November 2008)
St Thomas' Church of England Primary School	Outstanding (July 2013)
The Beacon Church of England Primary School	Outstanding (February 2014)
Holy Trinity Church of England Primary School	Good (April 2014)
Huyton with Roby Church of England Primary School	Good (April 2015)
Parish Church of England Primary School	Outstanding (January 2016)
St James' Church of England Primary School	Good (March 2016)
St Andrew's Church of England Primary School	Good (September 2017)
Bishop Martin Church of England Primary School	Requires Improvement (September 2016)
St Helen's Church of England Primary School	Good (March 2017)
St James' Church of England Primary School	Good (March 2017)
St Paul's Church of England Primary School	Outstanding (September 2011)
Highfield St Matthews Church of England Primary School	Requires Improvement (June 2017)
Glazebury Church of England Primary School	Good (June 2015)

# LIVERPOOL DIOCESAN SCHOOLS TRUST

## DIRECTORS' REPORT (CONTINUED)

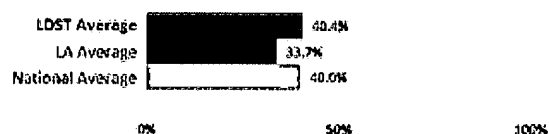
FOR THE YEAR ENDED 31 AUGUST 2020

### Pupil Outcomes

The following illustrations represent the prior year data, including three year trends, which is the latest available.

#### Key Stages 3 and 4 (St Michael's Church of England High School)

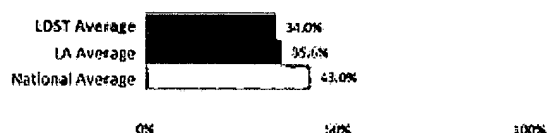
Percentage entering the English Baccalaureate



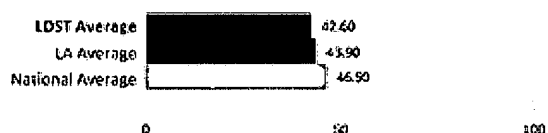
Percentage staying in education or entering employment after key stage 4



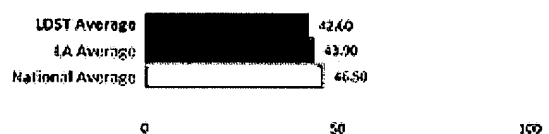
Percentage achieving grade 5 or above in English and maths



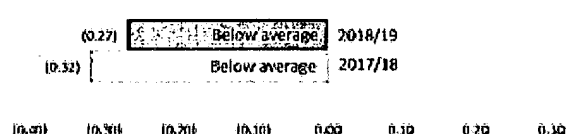
Attainment 8 Score



English Baccalaureate average points score



Progress 8 Score



#### Key Stage 1 (All Primary Schools)

Phonics: percentage achieving the expected standard



Reading: percentage achieving the expected standard or higher



Writing: percentage achieving the expected standard or higher



Maths: percentage achieving the expected standard or higher

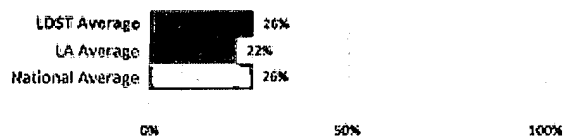


# LIVERPOOL DIOCESAN SCHOOLS TRUST

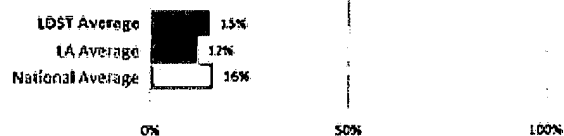
## DIRECTORS' REPORT (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2020

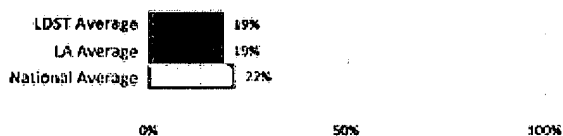
Reading: percentage achieving greater depth



Writing: percentage achieving greater depth



Maths: percentage achieving greater depth

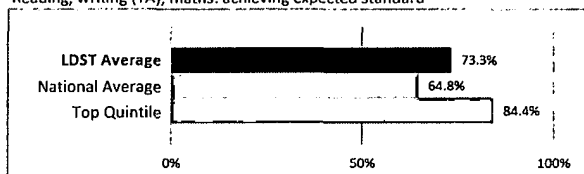


Three year trends working at expected standard

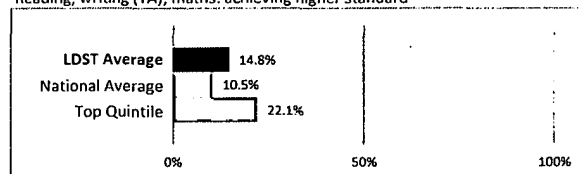


## Key Stage 2 (All Primary schools)

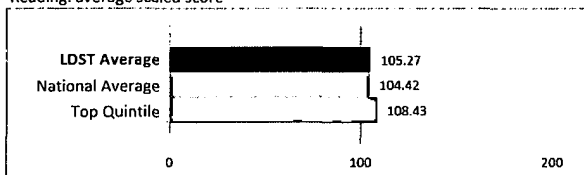
Reading, writing (TA), maths: achieving expected standard



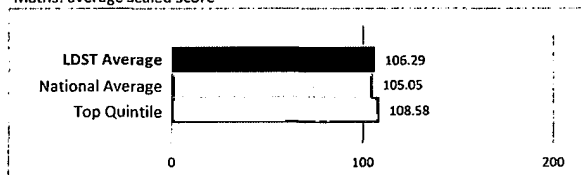
Reading, writing (TA), maths: achieving higher standard



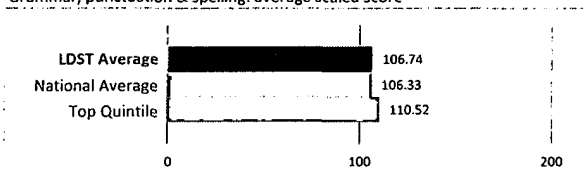
Reading: average scaled score



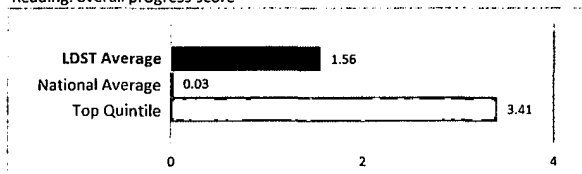
Maths: average scaled score



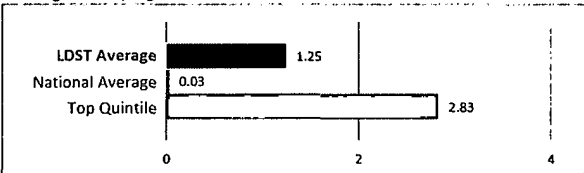
Grammar, punctuation & spelling: average scaled score



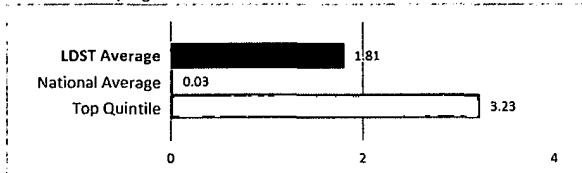
Reading: overall progress score



Writing: overall progress score



Maths: overall progress score

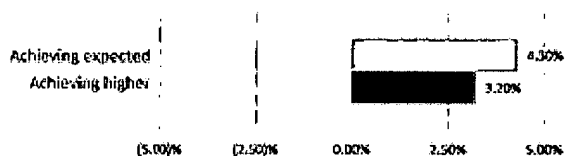


# LIVERPOOL DIOCESAN SCHOOLS TRUST

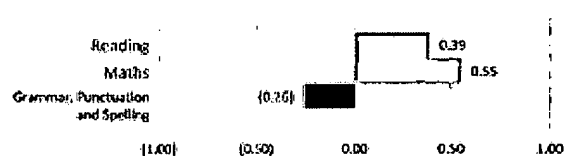
## DIRECTORS' REPORT (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2020

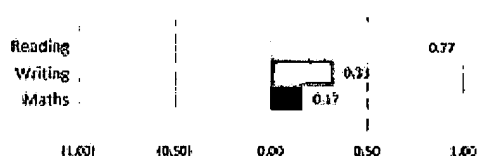
Three year trends: Reading, writing (TA), maths



Three year trends: average scaled score



Three year trends: Overall progress score



### Covid-19

LDST schools have remained open throughout the pandemic. During lockdown, all schools were open to vulnerable and key worker children and since September all schools have opened fully. Despite some positive cases and closures of bubbles, attendance has remained positive.

To mitigate the impact of the pandemic, all schools have focussed during Autumn 1 on:

- Supporting schools in securing good mental health and wellbeing for staff and pupils
- Supporting schools in mitigating the impact of school closure upon disadvantaged pupils
- Supporting schools in considering and overcoming the implications of school closure upon curriculum and assessment

Trust-wide action plans were developed to address the above and to inform curriculum, teaching and learning during the full re-opening of schools:

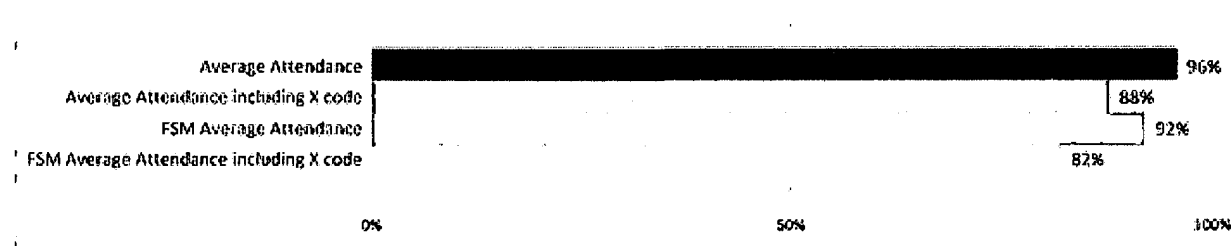
- All schools planned for additional PSHE lessons within a recovery curriculum
- All schools focused on basic skills and addressing gaps following teacher assessment
- Trust wide assessment at the end of the Autumn term will enable targets to be set

All schools report that young people have returned positively and the levels of resilience are high. As a result, schools could quickly reintroduce a broad and balanced curriculum.

### Attendance 1 September 2020 to 23 October 2020 (Autumn 1)

Absences related to Covid-19 have been tagged with an X code in order to identify underlying trends.

Attendance



### Going concern

After making appropriate enquiries, the Board of Directors has a reasonable expectation that the Trust has adequate resources to continue in operational existence for the foreseeable future. For this reason the Board of Directors 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.

# LIVERPOOL DIOCESAN SCHOOLS TRUST

## DIRECTORS' REPORT (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2020

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### Financial review

This set of financial statements are for the accounting year 1 September 2019 to 31 August 2020.

Most of the schools' income is received from the Education and Skills Funding Agency (ESFA) in the form of recurrent grants, the use of which is restricted to particular purposes. The grants received from the ESFA during the year and the associated expenditure are shown as restricted funds in the statement of financial activities. Total income for the period was £25,638,871 (2019: £24,971,312), of which £80,346 related to the net surplus inherited on conversion (2019: £999,089 net surplus).

During the period to 31 August 2020, the total expenditure was £26,218,535 (2019: £25,322,895), all of which related to the direct provision of educational operations (2019: £25,322,895).

On conversion in 2014, St Michaels inherited a deficit of £1,740,000 in respect of the Local Government Pension Scheme and an additional deficit of £5,628,000 was inherited from the ten schools that converted in the 2017/18 year. A further deficit of £776,000 was inherited from the five schools that converted in the 2018/19 year. The total value of the deficit has increased to £15,507,000 as at 31 August 2020. The Trust is currently paying contributions of approximately £302,550 towards the deficit from the GAG. The level of these deficit payments will be reviewed following the next actuarial review in 2023 and any changes in the level of repayment will be included in each 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.

### Reserves policy

The Trust and its schools are required to maintain adequate reserves to meet their future plans, mitigate against the risk of uncertainty and effectively manage overall funds. However, this should not be at the significant detriment of existing pupils for whom the funding has been provided.

The policy is subject to the following overall principles:

- Schools will set annual budgets with an overall position between 0% and 5% surplus.
- Schools' reserves will only be decreased (i.e. a deficit budget set) due to capital investment, or specific one-off need. In either case, the budget will be subject to authorisation by the Board of Directors.
- Schools will be expected to reach the intended target reserve level within their medium term financial plan (i.e. within 3 to 5 years) subject to the above.

The overall target reserve level is set at 8.3% of overall income, reflecting on average one month's total costs.

Where schools exceed their target reserve position, plans will be made to spend the relevant excess to bring the reserve level to the target position over a maximum period of 3 years.

The central Trust team will achieve an annual surplus to maintain an overall reserve position commensurate with the number of schools within the Trust, as approved annually by the Board of Directors.

The Directors will review the level of reserves annually. It is their intention to balance future needs of the Trust with allocating appropriate funds to the education of the students on their roll.

At 31 August 2020, the Trust had a balance on its Unrestricted and Restricted General Funds available for educational and general purposes of £2,012,667. This represents 7.9% of overall income for the year, which is marginally below the target reserve level.

# LIVERPOOL DIOCESAN SCHOOLS TRUST

## DIRECTORS' REPORT (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2020

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### Investment policy

Due to the nature of funding, the Trust may at times hold cash balances surplus to the short term requirements. Directors 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

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

The Directors have implemented a number of systems to assess the risks that the Trust faces especially in the operational areas, for instance, teaching, health & safety and in the control of finance. They maintain such systems including vetting of new staff and visitors, and the appointment of MHA Moore & Smalley for independent checks of financial reporting. The Trust has adequate insurance cover obtained through the ESFA RPA scheme.

The Trust'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 Directors have approved and work to a detailed set of Financial Regulations and a supporting Scheme of Delegation and comply with the requirements as set out in the Academies Financial Handbook.

The Trust's system of internal financial control has been reviewed by TIAA Ltd as part of an annual programme of internal audit work which is approved by the Trust's Audit, Finance and Risk Committee. Internal financial controls have also been examined as part of the external audit carried out by MHA Moore and Smalley. Recommendations arising from the audit have been accepted and will be implemented within agreed timescales.

The Trust has also been monitored through the completion and submission of ESFA and other returns:

- The accounts return 2018/19
- The Schools Resource Management Self-Assessment Toolkit
- Teachers' Pensions Audit
- Budget Forecast Return and Budget Forecast Return Outturn
- Regular communication with the Regional Schools Commissioner

# LIVERPOOL DIOCESAN SCHOOLS TRUST

## DIRECTORS' REPORT (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2020

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The following risks form the Trust's strategic level risk register and are reviewed throughout the year by the Trust's Audit, Finance and Risk Committee:

- Failure to meet statutory H&S obligations
- Failure to improve academic outcomes
- Failure to monitor or control finances
- Financial Non-viability
- Data Breach
- Failure to adequately safeguard
- Ofsted failure
- Lack of Growth
- Equal pay breach
- Fraud / Illegality / Impropriety
- Failure to recruit and retain key staff
- Failure of due diligence
- Failure of Physical Infrastructure (Buildings) / Disaster Scenario

Additionally, during the year, the Trust implemented a Covid-19 specific risk register which monitored the following risks:

- Failure to Safeguard Vulnerable Pupils
- Failure of Communication Systems
- Failure to meet government requirements for repurposing of schools
- Failure to maintain liquidity / banking arrangements
- Failure to pay staff wages
- Data Breach
- Failure to procure necessary essential materials/products
- Failure to maintain security of closed premises

### Fundraising

*The Trust does not work with professional fundraisers or commercial participators to undertake fundraising activities.*

### Plans for future periods

The Trust will serve schools generally within the Diocesan boundaries which incorporate the local authority areas of Liverpool, Knowsley, Sefton, St Helens, and parts of Halton, Warrington, Wigan and Lancashire. There are more than 33,000 primary and secondary pupils in 119 schools across the Diocese of Liverpool.

As the Trust grows over the next five to seven years, it will transition to a hub model. Growth will be organised in tranches to ensure that enough good and outstanding schools join in each tranche to support those joining who require improvement, and to where possible maintain balance in numbers/scale across the hubs.

The Trust will ensure a Christian culture of collaboration. Our schools will have a strong Christian commitment to each other so that individual schools, and the family of schools grow and improve through working together in a strong school to school network.

# **LIVERPOOL DIOCESAN SCHOOLS TRUST**

## **DIRECTORS' REPORT (CONTINUED)**

### **FOR THE YEAR ENDED 31 AUGUST 2020**

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The Trust will continue to work closely with and seek guidance from the Regional Schools Commissioner whenever growth is planned so that the standard of education provided by the existing academies is maintained.

The Trust will embrace the benefits of self-determination to empower its strongest leaders and teachers to drive excellence within their own schools and within the system as a whole. It will encourage and promote the most effective established local collaboratives and networks, as well as develop new ones, so as to replicate what works across all its academies, and it will work closely with teaching schools and school-centred initial teacher training networks. Close collaborative links to further and higher education providers in the region will be preserved and developed.

The Trust will remain a prominent member of the Diocesan family of schools and as such will continue to work closely with each Church of England School-led MAT and all Church of England schools in the Diocese. All Diocesan and Liverpool School led MATs will have representation on the Diocesan Strategic Planning Group which is a sub-committee of the Board of Education and whose remit is to consider, amongst other things, Trust growth and standards. This alliance will allow flexibility and diversity of choice within the overall MAT structure.

The Trust will maintain strong links with neighbouring Dioceses and will continue to consider cross Diocesan border MAT proposals when the circumstances require.

In managing the Trust, the organisation will:

- promote an openness to build trust, be transparent, sharpen accountability and drive improvement
- strive to operate a simple efficient low cost organisation;
- operate an effective and strong governance framework;
- utilise its resources to achieve economies, efficiencies and effectiveness across the services offered to member schools; and
- work closely with Regional and Local Union representatives to ensure the equitable treatment of all members of staff transferring to or joining the Trust.

#### **Funds held as custodian trustee on behalf of others**

The Trust and its Directors do not act as the Custodian Trustees of any other Charity.

#### **Employee consultation and disabled employees**

The Trust engages regularly with employee unions representing both teaching and support staff through an established Joint Consultative and Negotiation Committee (JCNC).

The Trust has developed a number of forums for consultation with different elements of the employee base and wider stakeholders, including a Chair of Governors' Forum, Headteachers' Forum, and School Business Managers' Forum. At each school level, regular staff briefings and engagement provide the opportunities for employees to be consulted and to contribute to matters affecting them and their school.

The Trust has a publicly available Equal Opportunities Policy published on its website and aims to ensure that no job applicant suffers discrimination because of any of the protected characteristics (age, disability, gender reassignment, marital or civil partner status, pregnancy or maternity, race, colour, nationality, ethnic or national origin, religion or belief, sex or sexual orientation). Our recruitment procedures are reviewed regularly to ensure that individuals are treated on the basis of their relevant merits and abilities. Job selection criteria are regularly reviewed to ensure that they are relevant to the job and are not disproportionate. Short listing of applicants is done by more than one person wherever possible.



# LIVERPOOL DIOCESAN SCHOOLS TRUST

## DIRECTORS' REPORT (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2020

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### Auditor

In so far as the Directors are aware:

- there is no relevant audit information of which the charitable company's auditor is unaware; and
- the Directors 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.

The Directors' report, incorporating a strategic report, was approved by order of the Board of Directors, as the company directors, on 15 December 2020 and signed on its behalf by:

*SM Harrison*

**Mr S Harrison**  
**Chair of Directors**

# LIVERPOOL DIOCESAN SCHOOLS TRUST

## GOVERNANCE STATEMENT

FOR THE YEAR ENDED 31 AUGUST 2020

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### Scope of responsibility

As Directors we acknowledge we have overall responsibility for ensuring Liverpool Diocesan Schools Trust has an effective and appropriate system of control, financial and otherwise. However, such a system is designed to manage rather than eliminate the risk of failure to achieve business objectives, and can provide only reasonable and not absolute assurance against material misstatement or loss.

The Board of Directors has delegated the day-to-day responsibility to the Chief Executive Officer, as accounting officer, for ensuring financial controls conform with the requirements of both propriety and good financial management and are in accordance with the requirements and responsibilities assigned to it in the funding agreement between Liverpool Diocesan Schools Trust and the Secretary of State for Education. They are also responsible for reporting to the Board of Directors any material weaknesses or breakdowns in internal control.

### Governance

The information on governance included here supplements that described in the Directors' Report and in the Statement of Directors' Responsibilities. The Board of Directors has formally met 5 times during the year. Attendance during the year at meetings of the Board of Directors was as follows:

Directors	Meetings attended	Out of possible
Reverend R Peers (Chair of Directors - Appointed 3 March 2020) (Resigned 7 July 2020)	3	4
Canon Dr J Richardson (Chair of Directors - Stepped down 3 March 2020)	5	5
Mrs M Swinson (Vice Chair of Directors)	4	5
Mr J Nichols	4	5
Mrs R Coulthard	5	5
Reverend H Wood	4	5
Mrs C Roberts	4	5
Mr N J Lockwood	5	5
Ms L Kwissa (Chief Executive Officer) (Appointed 11 December 2019)	4	4
Mr C Barratt (Appointed 3 March 2020)	3	3
Mrs L Ryder (Appointed 3 March 2020)	2	3
Mr S Harrison (Chair of Directors) (Appointed 7 July 2020)	1	1

The Directors have been principally concerned with managing the growth and development of the Trust.

The Trust has previously undertaken a skills review for Directors. The opportunity to bring additional skills onto the Board of Directors has been reviewed throughout the year and two new Directors with relevant skills have been appointed.

LDST has maintained all existing Trust level and school level governance arrangements throughout the Covid-19 pandemic. Meetings have been held virtually using available video conferencing platforms. A sub-group of the Board and Executive Team was established during the early stages of the pandemic to quickly consider and react to changes in local situations and national guidance. This included review of school risk assessments and re-opening plans.

The Audit, Finance and Risk Committee is a sub-committee of the main Board of Directors. Its purpose includes to consider the external auditors' findings resulting from their audit of the financial statements, and to recommend the financial statements to the Board of Directors for approval. The Audit, Finance and Risk Committee comprised four Directors: Mrs M Swinson (Chair), Mr J Nichols, Mr N J Lockwood, and Mr C Barratt.

# LIVERPOOL DIOCESAN SCHOOLS TRUST

## GOVERNANCE STATEMENT (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2020

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Attendance at meetings in the year was as follows:

Directors	Meetings attended	Out of possible
Mrs M Swinson (Vice Chair of Directors)	3	3
Mr J Nichols	1	3
Mr N J Lockwood	3	3
Mr C Barratt (Appointed 3 March 2020)	1	1

The Standards committee is a sub-committee of the main Board of Directors. Its purpose is to advise the Board on matters relating to the Trust's curriculum, quality and standards. The Standards committee comprised three Directors: Mrs R Coulthard (Chair), Mr J Nichols, and Mr N J Lockwood.

Attendance at meetings in the year was as follows:

Directors	Meetings attended	Out of possible
Mr J Nichols	3	3
Mrs R Coulthard	3	3
Mr N J Lockwood	3	3

### Review of value for money

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

The accounting officer considers how the Trust's use of its resources has provided good value for money during each academic year, and reports to the Board of Directors where value for money can be improved, including the use of benchmarking data where available. The accounting officer for the Trust has delivered improved value for money during the year by:

- Regular review of the functions of the Trust, 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 Trust;
- 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 Directors of Liverpool Diocesan Schools Trust are committed to achieving value for money in all decisions made.

We use value for money principles as they apply to securing continuous improvement in all our schools.

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

The progress of the annual budget plan will be monitored with school improvement plans in order to determine the extent of continuous improvement.

The Trust has in place a strategy and a set of guidelines, updated annually, which will ensure that value for money will be reviewed and demonstrated.

# LIVERPOOL DIOCESAN SCHOOLS TRUST

## GOVERNANCE STATEMENT (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2020

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### **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 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 Trust for the period 1 September 2019 to 31 August 2020 and up to the date of approval of the annual report and financial statements.

### **Capacity to handle risk**

The Board of Directors has reviewed the key risks to which the Trust is exposed together with the operating, financial and compliance controls that have been implemented to mitigate those risks. The Board of Directors is of the view that there is a formal ongoing process for identifying, evaluating and managing the Trust's significant risks that has been in place for the period 1 September 2019 to 31 August 2020 and up to the date of approval of the annual report and accounts. This process is regularly reviewed by the Board of Directors.

### **The risk and control framework**

The 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 Directors;
- regular reviews by the Audit, Finance and Risk 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; and
- identification and management of risks.

The Board of Directors appointed TIAA Ltd as internal auditor for the 2019/20 academic year. The internal auditor reviewed the Trust financial systems during the year, specifically focussing on Procurement and High Level Finance. The Board of Directors have appointed MHA Moore & Smalley as the external auditor. Their role includes giving advice on financial matters and performing a range of checks on the Trust's financial systems as part of the financial statements audit. 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; and
- testing of charge card controls and procedure.

Control issues raised during the checks have been agreed and will be implemented within agreed timescales.

# LIVERPOOL DIOCESAN SCHOOLS TRUST

## GOVERNANCE STATEMENT (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2020

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### Review of effectiveness

As Accounting Officer, the Chief Executive Officer 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;
- Reports and Minutes;
- The financial management and governance self-assessment process;
- Internal and External audit;
- The work of the Senior Management Team within the Trust who have responsibility for the development and maintenance of the internal control framework;
- Scheme of delegation; and
- The Business Interests process and register.

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

Approved by order of the Board of Directors on 15 December 2020 and signed on its behalf by:

*Laurie Kwissa*

**Ms L Kwissa**  
Chief Executive Officer

*SM Harrison*

**Mr S Harrison**  
Chair of Directors

# LIVERPOOL DIOCESAN SCHOOLS TRUST

## STATEMENT OF REGULARITY, PROPRIETY AND COMPLIANCE FOR THE YEAR ENDED 31 AUGUST 2020

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As accounting officer of Liverpool Diocesan Schools Trust, I have considered my responsibility to notify the Trust Board of Directors and the Education and Skills Funding Agency (ESFA) of material irregularity, impropriety and non-compliance with terms and conditions of all funding received by the academy trust, under the funding agreement in place between the 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 2019.

I confirm that I and the Trust's Board of Directors are able to identify any material irregular or improper use of funds by the Trust, or material non-compliance with the terms and conditions of funding under the Trust's funding agreement and the Academies Financial Handbook 2019.

As described in the Directors' Report, related party transactions with Liverpool Diocesan Board of Finance and Liverpool Hope University have not been declared to the ESFA during the year in advance. All transactions were individually trivial and did not exceed £5,000 in total. Action has been taken to establish procedures to monitor all transactions with related parties and ensure they are declared to the ESFA in advance going forward.

With the exception of the above, 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 Directors and ESFA.

*Laurie Kwissa*

**Ms L Kwissa**  
**Accounting Officer**

15 December 2020

# LIVERPOOL DIOCESAN SCHOOLS TRUST

## STATEMENT OF DIRECTORS' RESPONSIBILITIES

FOR THE YEAR ENDED 31 AUGUST 2020

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The Directors (who also act as trustees for Liverpool Diocesan Schools Trust) are responsible for preparing the Directors' report and the accounts in accordance with the Academies Accounts Direction 2019 to 2020 published by the Education and Skills Funding Agency, United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice) and applicable law and regulations.

Company law requires the Directors to prepare accounts for each financial year. Under company law, the Directors 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 Directors are required to:

- select suitable accounting policies and then apply them consistently;
- observe the methods and principles in the Charities SORP 2019 and the Academies Accounts Direction 2019 to 2020;
- 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 Directors 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 Directors 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 ESFA/DfE have been applied for the purposes intended.

The Directors 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 members of the Board of Directors on 15 December 2020 and signed on its behalf by:



**Mr S Harrison**  
**Chair of Directors**

# **LIVERPOOL DIOCESAN SCHOOLS TRUST**

## **INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF LIVERPOOL DIOCESAN SCHOOLS TRUST FOR THE YEAR ENDED 31 AUGUST 2020**

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### **Opinion**

We have audited the accounts of Liverpool Diocesan Schools Trust for the year ended 31 August 2020 which comprise the statement of financial activities, the balance sheet, the statement of cash flows and the notes to the accounts, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland' (United Kingdom Generally Accepted Accounting Practice), the Charities SORP 2019 and the Academies Accounts Direction 2019 to 2020 issued by the Education and Skills Funding Agency.

In our opinion the accounts:

- give a true and fair view of the state of the charitable company's affairs as at 31 August 2020 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 2019 and the Academies Accounts Direction 2019 to 2020.

### **Basis for opinion**

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

### **Conclusions relating to going concern**

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

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

### **Other information**

The Directors are responsible for the other information, which comprises the information included in the annual report other than the accounts and our auditor's report thereon. Other information includes Reference and Administrative details, Trustees Report incorporating the Strategic Report and the Directors Report, the Governance Statement, the Statement on Regularity, Propriety and Compliance and the Trustees Responsibility Statement. Our opinion on the accounts does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon.

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

We have nothing to report in this regard.



## **LIVERPOOL DIOCESAN SCHOOLS TRUST**

### **INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF LIVERPOOL DIOCESAN SCHOOLS TRUST (CONTINUED)**

**FOR THE YEAR ENDED 31 AUGUST 2020**

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#### **Opinions on other matters prescribed by the Companies Act 2006**

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

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

#### **Matters on which we are required to report by exception**

*In the light of the knowledge and understanding of the Trust and its environment obtained in the course of the audit, we have not identified material misstatements in the Directors' report, including the incorporated strategic report.*

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

- adequate accounting records have not been kept, 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 Directors' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit.

#### **Responsibilities of Directors**

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

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

#### **Auditor's responsibilities for the audit of the accounts**

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

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

# LIVERPOOL DIOCESAN SCHOOLS TRUST

## INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF LIVERPOOL DIOCESAN SCHOOLS TRUST (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2020

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### Use of our report

This report is made solely to the charitable company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the charitable company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the charitable company and the charitable company's members as a body, for our audit work, for this report, or for the opinions we have formed.



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

Richard House  
9 Winckley Square  
Preston  
PR1 3HP

15/12/2020  
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# **LIVERPOOL DIOCESAN SCHOOLS TRUST**

## **INDEPENDENT REPORTING ACCOUNTANT'S ASSURANCE REPORT ON REGULARITY TO LIVERPOOL DIOCESAN SCHOOLS TRUST AND THE EDUCATION AND SKILLS FUNDING AGENCY FOR THE YEAR ENDED 31 AUGUST 2020**

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In accordance with the terms of our engagement letter dated 25 November 2014 and further to the requirements of the Education and Skills Funding Agency (ESFA) as included in the Academies Accounts Direction 2019 to 2020, we have carried out an engagement to obtain limited assurance about whether the expenditure disbursed and income received by Liverpool Diocesan Schools Trust during the period 1 September 2019 to 31 August 2020 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 Liverpool Diocesan Schools Trust and ESFA in accordance with the terms of our engagement letter. Our work has been undertaken so that we might state to the Liverpool Diocesan Schools Trust and ESFA those matters we are required to state in a report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than Liverpool Diocesan Schools Trust and ESFA, for our work, for this report, or for the conclusion we have formed.

### **Respective responsibilities of Liverpool Diocesan Schools Trust's accounting officer and the reporting accountant**

The accounting officer is responsible, under the requirements of Liverpool Diocesan Schools Trust's funding agreement with the Secretary of State for Education dated 29 October 2014 and the Academies Financial Handbook, extant from 1 September 2019, 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 2019 to 2020. 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 2019 to 31 August 2020 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 2019 to 2020 issued by ESFA. We performed a limited assurance engagement as defined in our engagement letter.

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

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

Our engagement includes examination, on a test basis, of evidence relevant to the regularity and propriety of the 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, substantive testing of transactions and consideration of governance issues.

## LIVERPOOL DIOCESAN SCHOOLS TRUST

### INDEPENDENT REPORTING ACCOUNTANT'S ASSURANCE REPORT ON REGULARITY TO LIVERPOOL DIOCESAN SCHOOLS TRUST AND THE EDUCATION AND SKILLS FUNDING AGENCY (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2020

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#### Conclusion

As noted in the Statement of Regularity, Propriety and Compliance, related party transactions with Liverpool Diocesan Board of Finance and Liverpool Hope University have not been declared to the ESFA during the year in advance. All transactions were individually trivial and did not exceed £5,000 in total. Action has been taken to establish procedures to monitor all transactions with related parties and ensure they are declared to the ESFA in advance going forward.

Notwithstanding the above, 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 2019 to 31 August 2020 has not been applied to purposes intended by Parliament and the financial transactions do not conform to the authorities which govern them.

*MHA Moore and Smalley*

#### Reporting Accountant MHA Moore and Smalley

Richard House  
9 Winckley Square  
Preston  
PR1 3HP  
15/12/2020  
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# LIVERPOOL DIOCESAN SCHOOLS TRUST

## STATEMENT OF FINANCIAL ACTIVITIES INCLUDING INCOME AND EXPENDITURE ACCOUNT FOR THE YEAR ENDED 31 AUGUST 2020

		Unrestricted funds	Restricted general funds	Restricted fixed asset funds	Total 2020	Total 2019
	Notes	£	£	£	£	£
<b>Income and endowments from:</b>						
Donations and capital grants	3	-	50,582	815,521	866,103	1,063,546
Donations - transfer from local authority on conversion	28	80,346	-	-	80,346	999,089
Charitable activities:						
- Funding for educational operations	4	105,921	24,209,725	-	24,315,646	22,508,789
Other trading activities	5	374,443	-	-	374,443	398,463
Investments	6	2,333	-	-	2,333	1,425
<b>Total income and endowments</b>		<u>563,043</u>	<u>24,260,307</u>	<u>815,521</u>	<u>25,638,871</u>	<u>24,971,312</u>
<b>Expenditure on:</b>						
Charitable activities:						
- Educational operations	9	482,697	25,443,788	292,050	26,218,535	25,322,895
<b>Total expenditure</b>	7	<u>482,697</u>	<u>25,443,788</u>	<u>292,050</u>	<u>26,218,535</u>	<u>25,322,895</u>
<b>Net income/(expenditure)</b>		80,346	(1,183,481)	523,471	(579,664)	(351,583)
Transfers between funds		(126,064)	30,554	95,510	-	-
<b>Other recognised gains and losses</b>						
Actuarial losses on defined benefit pension schemes	21	-	(755,000)	-	(755,000)	(3,631,000)
<b>Net movement in funds</b>		<u>(45,718)</u>	<u>(1,907,927)</u>	<u>618,981</u>	<u>(1,334,664)</u>	<u>(3,982,583)</u>
<b>Reconciliation of funds</b>						
Total funds brought forward		1,765,227	(13,305,915)	4,458,920	(7,081,768)	(3,099,185)
Total funds carried forward	19	<u>1,719,509</u>	<u>(15,213,842)</u>	<u>5,077,901</u>	<u>(8,416,432)</u>	<u>(7,081,768)</u>

# LIVERPOOL DIOCESAN SCHOOLS TRUST

## BALANCE SHEET

AS AT 31 AUGUST 2020

	Notes	2020 £	£	2019 £	£
<b>Fixed assets</b>					
Intangible assets	13		38,937		35,503
Tangible assets	14		4,558,772		4,269,101
			<u>4,597,709</u>		<u>4,304,604</u>
<b>Current assets</b>					
Debtors	15	979,881		1,289,468	
Cash at bank and in hand		3,608,031		3,009,838	
		<u>4,587,912</u>		<u>4,299,306</u>	
<b>Current liabilities</b>					
Creditors: amounts falling due within one year	16	(2,090,538)		(2,070,159)	
<b>Net current assets</b>			<u>2,497,374</u>		<u>2,229,147</u>
<b>Total assets less current liabilities</b>			<u>7,095,083</u>		<u>6,533,751</u>
Creditors: amounts falling due after more than one year	17		(4,515)		(5,519)
<b>Net assets before defined benefit pension scheme liability</b>			<u>7,090,568</u>		<u>6,528,232</u>
Defined benefit pension scheme liability	21		(15,507,000)		(13,610,000)
<b>Total net liabilities</b>			<u>(8,416,432)</u>		<u>(7,081,768)</u>
<b>Funds of the Trust:</b>					
<b>Restricted funds</b>	19				
- Fixed asset funds			5,077,901		4,458,920
- Restricted income funds			293,158		304,085
- Pension reserve			(15,507,000)		(13,610,000)
<b>Total restricted funds</b>			<u>(10,135,941)</u>		<u>(8,846,995)</u>
<b>Unrestricted income funds</b>	19		<u>1,719,509</u>		<u>1,765,227</u>
<b>Total funds</b>			<u>(8,416,432)</u>		<u>(7,081,768)</u>

The accounts on pages 27 to 58 were approved by the Directors and authorised for issue on 15 December 2020 and are signed on their behalf by:

*SM Harrison*

Mr S Harrison  
Chair of Directors

Company Number 09235635

# LIVERPOOL DIOCESAN SCHOOLS TRUST

## STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED 31 AUGUST 2020

	Notes	2020 £	£	2019 £	£
<b>Cash flows from operating activities</b>					
Net cash provided by/(used in) operating activities	22	396,714		(430,320)	
Cash funds transferred on conversion		80,346		925,839	
		<u>477,060</u>		<u>495,519</u>	
<b>Cash flows from investing activities</b>					
Dividends, interest and rents from investments		2,333		1,425	
Capital grants from DfE Group		704,959		939,022	
Purchase of intangible fixed assets		(16,022)		(8,181)	
Purchase of tangible fixed assets		(569,133)		(280,251)	
		<u>122,137</u>		<u>652,015</u>	
<b>Net cash provided by investing activities</b>					
<b>Cash flows from financing activities</b>					
Repayment of other loan		(1,004)		(1,505)	
		<u>(1,004)</u>		<u>(1,505)</u>	
<b>Net cash used in financing activities</b>					
<b>Net increase in cash and cash equivalents in the reporting period</b>					
		598,193		1,146,029	
Cash and cash equivalents at beginning of the year		3,009,838		1,863,809	
<b>Cash and cash equivalents at end of the year</b>		<u><u>3,608,031</u></u>		<u><u>3,009,838</u></u>	

# LIVERPOOL DIOCESAN SCHOOLS TRUST

## NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 AUGUST 2020

---

### 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 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 2019 to 2020 issued by ESFA, the Charities Act 2011 and the Companies Act 2006.

#### 1.2 Going concern

The Directors 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 Directors make this assessment in respect of a period of at least one year from the date of authorisation for issue of the accounts. The Directors have considered the impact of the Government response to Covid-19 on the activity of the academy trust in terms of both increased costs of compliance with guidelines, catch up on learning and increased staff costs and also reduced income from nursery and wrap-around provision. The Directors 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.



# LIVERPOOL DIOCESAN SCHOOLS TRUST

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2020

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### 1 Accounting policies

(Continued)

#### 1.3 Conversion to an academy trust

The conversion from a local authority school to an academy trust involved the transfer of identifiable assets and liabilities and the operation of the Academy for £nil consideration and has been accounted for under the acquisition accounting method.

The assets and liabilities transferred on conversion to the academy trust have been valued at their fair value being a reasonable estimate of the current market value that the governors would expect to pay in an open market for an equivalent item. Their fair value is in accordance with the accounting policies set out for the Trust. The amounts have been recognised under the appropriate balance sheet categories, with a corresponding amount recognised in other resources expended in the Statement of Financial activities and analysed under unrestricted funds, restricted general funds and restricted fixed asset funds.

The Trust inherited the fixtures and fittings and other tangible fixed assets in use by the schools at the date of conversion. An assessment was undertaken by staff of assets held at conversion date and where these assets held a depreciated cost valuation, within the Trust's capitalisation policy, the relevant amount was incorporated into the accounts.

The academy trust company occupies land (including buildings) which is owned by the Diocese of Liverpool. The land (including buildings) are provided to the Trust on the same basis as when the schools were maintained schools. The academy trust company occupies part of the land (and buildings) under a mere licence. This continuing permission of the Diocese of Liverpool is pursuant to, and subject to, the Diocese of Liverpool's 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 Diocese of Liverpool has 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 terms 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 on the basis that they do not control the asset.

A notional rent charge and equivalent donation from the Diocese has not been recognised on the grounds that a reasonable estimate of the value is not readily available.

Where land and buildings have been inherited, these relate to school playing fields leased to the Trust, under a 125 year lease from the Local Authority. These have been valued by staff using the square metre value, previously used by the ESFA, on the starter school.

#### 1.4 Income

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

##### Grants

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

# LIVERPOOL DIOCESAN SCHOOLS TRUST

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2020

---

### 1 Accounting policies

(Continued)

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

Capital grants are recognised 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.

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

#### Sponsorship income

Sponsorship income provided to the 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 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 accounts until they are sold. This income is recognised within 'Income from other trading activities'.

#### Donated fixed assets

Donated fixed assets are measured at fair value unless it is impractical to measure this reliably, in which case the cost of the item to the donor is 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 Trust's accounting policies.

### 1.5 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.

# LIVERPOOL DIOCESAN SCHOOLS TRUST

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2020

### 1 Accounting policies

(Continued)

All resources expended are inclusive of irrecoverable VAT.

#### Expenditure on raising funds

This includes all expenditure incurred by the 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 Trust's educational operations, including support costs and costs relating to the governance of the Trust apportioned to charitable activities.

### 1.6 Intangible fixed assets and amortisation

Intangible assets costing £1,000 or more are capitalised and recognised when future economic benefits are probable and the cost or value of the asset can be measured reliably. Intangible assets are initially recognised at cost and are subsequently measured at cost net of amortisation and any provision for impairment. Amortisation is provided on intangible fixed assets at rates calculated to write off the cost of each asset on a straight-line basis over its expected useful life, as follows:

Computer software	20% per annum straight line
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### 1.7 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 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
Motor vehicles	25% per annum straight line

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.

# LIVERPOOL DIOCESAN SCHOOLS TRUST

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2020

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### 1 Accounting policies

(Continued)

#### 1.8 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 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.

#### 1.9 Leased assets

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

#### 1.10 Financial instruments

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

##### Financial assets

Trade and other debtors are basic financial instruments and are debt instruments measured at amortised cost. Prepayments are not financial instruments.

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

##### Financial liabilities

Trade creditors, accruals and other creditors are financial instruments, and are measured at amortised cost. Taxation and social security are not included in the financial instruments disclosure definition.

Deferred income is not deemed to be a financial liability, as the cash settlement has already taken place and there is an obligation to deliver services rather than cash or another financial instrument.

#### 1.11 Taxation

The 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 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.

#### 1.12 Pensions benefits

Retirement benefits to employees of the 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 Trust.

The TPS is an unfunded scheme and contributions are calculated to spread the cost of pensions over employees' working lives with the 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 based on quadrennial valuations using a prospective unit credit method. The TPS is an unfunded multi-employer scheme with no underlying assets to assign between employers. Consequently, the TPS is treated as a defined contribution scheme for accounting purposes and the contributions are recognised in the period to which they relate.

# LIVERPOOL DIOCESAN SCHOOLS TRUST

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2020

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### 1 Accounting policies

(Continued)

The LGPS is a funded multi-employer scheme and the assets are held separately from those of the Trust in separate trustee administered funds. Pension scheme assets are measured at fair value and liabilities are measured on an actuarial basis using the projected unit credit method and discounted at a rate equivalent to the current rate of return on a high quality corporate bond of equivalent term and currency to the liabilities. The actuarial valuations are obtained at least triennially and are updated at each balance sheet date. The amounts charged to net income or expenditure 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.

#### 1.13 Fund accounting

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

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 and Skills Funding Agency.

#### 1.14 Agency arrangements

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

### 2 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 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.

# LIVERPOOL DIOCESAN SCHOOLS TRUST

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2020

### 2 Critical accounting estimates and areas of judgement

(Continued)

#### *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 21, 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 2020. 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 on the grounds that the Trust does not have control over the use and access to the Land and Buildings. Further information on the accounting treatment adopted can be found in the tangible fixed assets accounting policy.

### 3 Donations and capital grants

	Unrestricted funds £	Restricted funds £	Total 2020 £	Total 2019 £
Capital grants	-	815,521	815,521	939,022
Other donations	-	50,582	50,582	124,524
	-	866,103	866,103	1,063,546

The income from donations and capital grants was £866,103 (2019: £1,063,546) of which £50,582 was restricted (2019: £124,524) and £815,521 was restricted fixed assets (2019: £939,022).

# LIVERPOOL DIOCESAN SCHOOLS TRUST

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2020

### 4 Funding for the Trust's educational operations

	Unrestricted funds £	Restricted funds £	Total 2020 £	Total 2019 £
<b>DfE / ESFA grants</b>				
General annual grant (GAG)	-	18,454,238	18,454,238	17,732,487
Start up grants	-	10,097	10,097	-
Other DfE / ESFA grants	-	3,222,347	3,222,347	2,156,128
	-	21,686,682	21,686,682	19,888,615
<b>Other government grants</b>				
Local authority grants	-	1,836,596	1,836,596	1,684,910
<b>Exceptional government funding</b>				
Coronavirus Job Retention Scheme grant	-	20,730	20,730	-
Coronavirus exceptional support	-	154,393	154,393	-
	-	2,011,719	2,011,719	1,684,910
<b>Other funds</b>				
Other incoming resources	105,921	511,324	617,245	935,264
<b>Total funding</b>	105,921	24,209,725	24,315,646	22,508,789

The income from funding for educational operations was £24,315,646 (2019: £22,508,789) of which £105,921 was unrestricted (2019: £552,949) and £24,209,725 was restricted (2019: £21,955,840).

The Trust has been eligible to claim additional funding in year from government support schemes in response to the coronavirus outbreak. The funding received is shown above under "exceptional government funding".

- The funding received for coronavirus support covers £154,393 of increased premises related costs; costs of school meal vouchers; and additional cleaning costs. These costs are included in notes 7 and 9 below as appropriate.

- The Trust furloughed some nursery staff under the government's CJRS. The funding received of £20,730 relates to staff costs in respect of 4 employees which are included within note 10 below as appropriate.

# LIVERPOOL DIOCESAN SCHOOLS TRUST

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2020

### 5 Other trading activities

	Unrestricted funds £	Restricted funds £	Total 2020 £	Total 2019 £
Hire of facilities	28,090	-	28,090	43,032
Other income	346,353	-	346,353	355,431
	<u>374,443</u>	<u>-</u>	<u>374,443</u>	<u>398,463</u>

The income from other trading activities was £374,443 (2019: £398,463) of which £374,443 was unrestricted (2019: £398,463).

### 6 Investment income

	Unrestricted funds £	Restricted funds £	Total 2020 £	Total 2019 £
Short term deposits	2,333	-	2,333	1,425

The income from funding for investment income was £2,333 (2019: £1,425) of which £2,333 was unrestricted (2019: £1,425).

### 7 Expenditure

	Staff costs £	Non-pay expenditure Premises £	Other £	Total 2020 £	Total 2019 £
Academy's educational operations					
- Direct costs	16,583,130	153,112	1,435,647	18,171,889	18,156,719
- Allocated support costs	4,099,049	1,731,079	2,216,518	8,046,646	7,166,176
	<u>20,682,179</u>	<u>1,884,191</u>	<u>3,652,165</u>	<u>26,218,535</u>	<u>25,322,895</u>

#### Net income/(expenditure) for the year includes:

	2020 £	2019 £
Fees payable to auditor for:		
- Audit	28,500	28,500
- Other services	13,680	12,880
Operating lease rentals	13,896	34,451
Depreciation of tangible fixed assets	292,050	168,244
Net interest on defined benefit pension liability	241,000	233,000



# LIVERPOOL DIOCESAN SCHOOLS TRUST

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2020

### 8 Central services

The Trust has provided the following central services to its academies during the year:

- human resources;
- financial services;
- legal services;
- educational support services;
- others as arising.

The Trust charges for these services on the following basis:

- flat percentage of income (approx. 2% to 4.5%);
- other bases as arising.

The amounts charged during the year were as follows:

	2020 £	2019 £
St Michael's CE High School	96,578	74,947
Cronton CE Primary School	39,687	33,311
Halewood CE Primary School	39,140	33,701
St Thomas CE Primary School	37,770	32,353
The Beacon CE Primary School	68,627	53,885
Huyton with Roby CE Primary School	73,868	62,588
Holy Trinity CE Primary School	43,335	36,622
Parish CE Primary School	41,886	35,483
St James CE Primary School	45,150	37,997
St Andrew's CE Primary School	54,771	46,136
Bishop Martin CE Primary School	37,819	32,386
St Helen's CE Primary School	26,482	20,836
St James' CE Primary School	37,101	30,102
St Paul's CE Primary School	38,955	30,442
Highfield St Matthews CE Primary School	82,121	57,452
Glazebury CE Primary School	22,279	13,684
	<u>785,569</u>	<u>631,925</u>

# LIVERPOOL DIOCESAN SCHOOLS TRUST

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2020

### 9 Charitable activities

	Unrestricted funds £	Restricted funds £	Total 2020 £	Total 2019 £
<b>Direct costs</b>				
Educational operations	-	18,171,889	18,171,889	18,156,719
<b>Support costs</b>				
Educational operations	482,697	7,563,949	8,046,646	7,166,176
	<u>482,697</u>	<u>25,735,838</u>	<u>26,218,535</u>	<u>25,322,895</u>

The expenditure on charitable activities was £26,218,535 (2019: £25,322,895) of which £482,697 was unrestricted (2019: £964,696), £25,443,788 was restricted (2019: £24,189,955) and £292,050 was restricted fixed assets (2019: £168,244).

	2020 £	2019 £
<b>Analysis of support costs</b>		
Support staff costs	4,099,049	3,473,159
Depreciation	138,938	72,719
Premises costs	1,359,014	1,973,978
Legal costs - conversion	10,097	17,812
Legal costs - other	3,794	14,486
Other support costs	2,360,129	1,520,265
Governance costs	75,625	93,757
	<u>8,046,646</u>	<u>7,166,176</u>

# LIVERPOOL DIOCESAN SCHOOLS TRUST

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2020

### 10 Staff

#### Staff costs

Staff costs during the year were:

	2020 £	2019 £
Wages and salaries	14,865,241	13,750,479
Social security costs	1,262,804	1,157,394
Pension costs	4,114,939	3,616,689
Staff costs - employees	20,242,984	18,524,562
Agency staff costs	434,529	515,099
Staff restructuring costs	4,666	37,845
Total staff expenditure	20,682,179	19,077,506

Staff restructuring costs comprise:

Severance payments	4,666	37,845
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#### Non statutory/non-contractual staff severance payments

Included in staff restructuring costs are non-statutory/non-contractual severance payments totalling £4,666 (2019: £37,845). This related to one individual payment.

#### Staff numbers

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

	2020 Number	2019 Number
Teachers	250	236
Administration and support	404	393
Management	17	17
	671	646

#### Higher paid staff

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

	2020 Number	2019 Number
£60,001 - £70,000	4	5
£70,001 - £80,000	5	4
£80,001 - £90,000	1	3
£90,001 - £100,000	3	1

# LIVERPOOL DIOCESAN SCHOOLS TRUST

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2020

### 10 Staff

(Continued)

The disclosure is made based on the employee benefits received in the year.

Of the above employees, 11 participated in the Teachers' Pension Scheme. During the year, employer's pension contributions for these members of staff amounted to £197,787 (2019: £132,818).

#### Key management personnel

The key management personnel of the Trust comprise the Directors, Senior Management team and Headteachers 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 Trust was £1,641,005 (2019: £1,489,769).

### 11 Directors' remuneration and expenses

One or more of the Directors has been paid remuneration or has received other benefits from an employment with the Trust. The Chief Executive Officer only receives remuneration in respect of services they provide undertaking the role of Chief Executive Officer, and not in respect of their services as Director.

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

L Kwissa (Chief Executive Officer and Director - Appointed 11 December 2019)

Remuneration - £70,001 - £75,000 (2019: £nil)

Employer's pension contributions - £5,001 - £10,000 (2019: £nil)

Other related party transactions involving the Directors are set out within the related parties note.

During the year, travel and subsistence payments totalling £593 were reimbursed or paid directly to 4 directors (2019: £132 to 1 director).

Other related party transactions involving the Directors are set out within the related parties note.

### 12 Insurance for Directors and officers

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 providers 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.

# LIVERPOOL DIOCESAN SCHOOLS TRUST

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2020

### 13 Intangible fixed assets

	Computer software £
<b>Cost</b>	
At 1 September 2019	57,731
Additions	16,022
	<hr/>
At 31 August 2020	73,753
	<hr/>
<b>Amortisation</b>	
At 1 September 2019	22,228
Charge for year	12,588
	<hr/>
At 31 August 2020	34,816
	<hr/>
<b>Carrying amount</b>	
At 31 August 2020	38,937
	<hr/>
At 31 August 2019	35,503
	<hr/>

### 14 Tangible fixed assets

	Land and buildings £	Computer equipment £	Fixtures, fittings & equipment £	Motor vehicles £	Total £
<b>Cost</b>					
At 1 September 2019	3,902,598	343,688	303,146	-	4,549,432
Additions	-	182,358	345,660	41,115	569,133
Disposals	-	(633)	-	-	(633)
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
At 31 August 2020	3,902,598	525,413	648,806	41,115	5,117,932
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
<b>Depreciation</b>					
At 1 September 2019	79,524	129,776	71,031	-	280,331
On disposals	-	(633)	-	-	(633)
Charge for the year	31,221	140,524	102,311	5,406	279,462
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
At 31 August 2020	110,745	269,667	173,342	5,406	559,160
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
<b>Net book value</b>					
At 31 August 2020	3,791,853	255,746	475,464	35,709	4,558,772
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
At 31 August 2019	3,823,074	213,912	232,115	-	4,269,101
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>

# LIVERPOOL DIOCESAN SCHOOLS TRUST

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2020

### 15 Debtors

	2020 £	2019 £
VAT recoverable	151,331	620,232
Other debtors	25,671	81,815
Prepayments and accrued income	802,879	587,421
	<u>979,881</u>	<u>1,289,468</u>

### 16 Creditors: amounts falling due within one year

	2020 £	2019 £
Other loans	1,004	1,004
Trade creditors	358,721	421,785
Other taxation and social security	298,491	305,736
Other creditors	667,311	578,281
Accruals and deferred income	765,011	763,353
	<u>2,090,538</u>	<u>2,070,159</u>

### 17 Creditors: amounts falling due after more than one year

	2020 £	2019 £
Other loans	<u>4,515</u>	<u>5,519</u>
<b>Analysis of loans</b>	<b>2020 £</b>	<b>2019 £</b>
Not wholly repayable within five years by instalments	5,519	6,523
Less: included in current liabilities	(1,004)	(1,004)
Amounts included above	<u>4,515</u>	<u>5,519</u>
<b>Loan maturity</b>		
Debt due in one year or less	1,004	1,004
Due in more than one year but not more than two years	1,004	1,004
Due in more than two years but not more than five years	3,010	3,010
Due in more than five years	501	1,505
	<u>5,519</u>	<u>6,523</u>

# LIVERPOOL DIOCESAN SCHOOLS TRUST

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2020

### 17 Creditors: amounts falling due after more than one year

(Continued)

Included within other loans is a Salix loan with an outstanding balance of £5,519. This is an interest free loan inherited on conversion of Glazebury CE Primary School. The loan is repayable biannually over 8 years from June 2018.

### 18 Deferred income

	2020 £	2019 £
Deferred income is included within:		
Creditors due within one year	513,814	341,049
	<u>513,814</u>	<u>341,049</u>
Deferred income at 1 September 2019	341,049	187,346
Released from previous years	(341,049)	(187,346)
Resources deferred in the year	513,814	341,049
	<u>513,814</u>	<u>341,049</u>
<b>Deferred income at 31 August 2020</b>	<b>513,814</b>	<b>341,049</b>

The Trust was holding funds received in advance for the following year for the Universal Infant Free School Meals and the Rates grant.

# LIVERPOOL DIOCESAN SCHOOLS TRUST

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2020

### 19 Funds

	Balance at 1 September 2019 £	Income £	Expenditure £	Gains, losses and transfers £	Balance at 31 August 2020 £
<b>Restricted general funds</b>					
General Annual Grant (GAG)	291,451	18,454,238	(18,483,085)	30,554	293,158
Start up grants	-	10,097	(10,097)	-	-
Other DfE / ESFA grants	-	3,222,347	(3,222,347)	-	-
Other government grants	-	2,011,719	(2,011,719)	-	-
Other restricted funds	12,634	561,906	(574,540)	-	-
Pension reserve	(13,610,000)	-	(1,142,000)	(755,000)	(15,507,000)
	<u>(13,305,915)</u>	<u>24,260,307</u>	<u>(25,443,788)</u>	<u>(724,446)</u>	<u>(15,213,842)</u>
<b>Restricted fixed asset funds</b>					
Inherited on conversion	3,954,687	-	(83,300)	-	3,871,387
DfE group capital grants	154,316	815,521	-	(489,645)	480,192
Capital expenditure from GAG	349,917	-	(208,750)	585,155	726,322
	<u>4,458,920</u>	<u>815,521</u>	<u>(292,050)</u>	<u>95,510</u>	<u>5,077,901</u>
<b>Total restricted funds</b>	<u>(8,846,995)</u>	<u>25,075,828</u>	<u>(25,735,838)</u>	<u>(628,936)</u>	<u>(10,135,941)</u>
<b>Unrestricted funds</b>					
General funds	<u>1,765,227</u>	<u>563,043</u>	<u>(482,697)</u>	<u>(126,064)</u>	<u>1,719,509</u>
<b>Total funds</b>	<u>(7,081,768)</u>	<u>25,638,871</u>	<u>(26,218,535)</u>	<u>(755,000)</u>	<u>(8,416,432)</u>



# LIVERPOOL DIOCESAN SCHOOLS TRUST

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2020

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### 19 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 Trust is not subject to a limit on GAG carry forward.

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

Other government grants include LA funding for Special Educational Needs and Nursery provision.

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

The pension reserve represents the value of the Trust'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.

# LIVERPOOL DIOCESAN SCHOOLS TRUST

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2020

### 19 Funds

(Continued)

Comparative information in respect of the preceding period is as follows:

	Balance at 1 September 2018 £	Income £	Expenditure £	Gains, losses and transfers £	Balance at 31 August 2019 £
<b>Restricted general funds</b>					
General Annual Grant (GAG)	297,770	17,732,487	(18,391,345)	652,539	291,451
Start up grants	41,267	-	(41,267)	-	-
Other DfE / ESFA grants	89,100	2,156,128	(2,245,228)	-	-
Other government grants	-	1,684,910	(1,684,910)	-	-
Other restricted funds	150,000	506,839	(644,205)	-	12,634
Pension reserve	(8,020,000)	(776,000)	(1,183,000)	(3,631,000)	(13,610,000)
	<u>(7,441,863)</u>	<u>21,304,364</u>	<u>(24,189,955)</u>	<u>(2,978,461)</u>	<u>(13,305,915)</u>
<b>Restricted fixed asset funds</b>					
Transfer on conversion	3,186,372	849,250	(80,490)	(445)	3,954,687
DfE group capital grants	-	939,022	-	(784,706)	154,316
Capital expenditure from GAG	148,794	-	(87,754)	288,877	349,917
	<u>3,335,166</u>	<u>1,788,272</u>	<u>(168,244)</u>	<u>(496,274)</u>	<u>4,458,920</u>
<b>Total restricted funds</b>	<u>(4,106,697)</u>	<u>23,092,636</u>	<u>(24,358,199)</u>	<u>(3,474,735)</u>	<u>(8,846,995)</u>
<b>Unrestricted funds</b>					
General funds	<u>1,007,512</u>	<u>1,878,676</u>	<u>(964,696)</u>	<u>(156,265)</u>	<u>1,765,227</u>
<b>Total funds</b>	<u>(3,099,185)</u>	<u>24,971,312</u>	<u>(25,322,895)</u>	<u>(3,631,000)</u>	<u>(7,081,768)</u>

# LIVERPOOL DIOCESAN SCHOOLS TRUST

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2020

### 19 Funds

(Continued)

#### Total funds analysis by academy

	2020	2019
	£	£
Fund balances at 31 August 2020 were allocated as follows:		
St Michael's CE High School	492,309	503,974
Cronton CE Primary School	134,574	172,315
Halewood CE Primary School	325,888	228,907
St Thomas CE Primary School	(98,419)	(66,370)
The Beacon CE Primary School	(51,280)	(5,857)
Huyton with Roby CE Primary School	417,772	234,833
Holy Trinity CE Primary School	70,451	104,233
Parish CE Primary School	112,183	134,053
St James CE Primary School	237,179	207,008
St Andrew's CE Primary School	77,488	50,946
Bishop Martin CE Primary School	(63,537)	(69,799)
St Helen's CE Primary School	(34,424)	36,439
St James' CE Primary School	202,959	244,934
St Paul's CE Primary School	67,761	38,939
Highfield St Matthews CE Primary School	281,756	358,056
Glazebury CE Primary School	67,887	41,846
Central services	(227,880)	(145,145)
Total before fixed assets fund and pension reserve	2,012,667	2,069,312
Restricted fixed asset fund	5,077,901	4,458,920
Pension reserve	(15,507,000)	(13,610,000)
Total funds	(8,416,432)	(7,081,768)

# LIVERPOOL DIOCESAN SCHOOLS TRUST

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2020

### 19 Funds

(Continued)

#### Total cost analysis by academy

Expenditure incurred by each academy during the year was as follows:

	Teaching and educational support staff	Other support staff costs	Educational supplies	Other costs excluding depreciation	Total 2020	Total 2019
	£	£	£	£	£	£
St Michael's CE High School	3,725,662	574,491	387,194	484,695	5,172,042	5,216,754
Cronton CE Primary School	783,861	178,374	64,906	162,913	1,190,054	1,133,120
Halewood CE Primary School	737,678	232,878	52,461	165,323	1,188,340	1,132,499
St Thomas CE Primary School	613,409	208,325	46,720	132,526	1,000,980	1,007,848
The Beacon CE Primary School	1,393,684	283,063	134,669	426,887	2,238,303	2,163,233
Huyton with Roby CE Primary School	1,402,406	325,456	88,501	259,575	2,075,938	2,244,918
Holy Trinity CE Primary School	728,819	168,150	51,176	215,238	1,163,383	1,126,828
Parish CE Primary School	756,582	267,324	68,056	175,907	1,267,869	1,284,264
St James CE Primary School	858,412	250,497	48,698	209,415	1,367,022	1,337,724
St Andrew's CE Primary School	964,182	206,454	60,261	216,905	1,447,802	1,522,862
Bishop Martin CE Primary School	587,858	165,098	63,238	218,118	1,034,312	1,093,643
St Helen's CE Primary School	518,736	96,005	53,293	83,911	751,945	652,504
St James' CE Primary School	676,093	168,785	52,002	180,009	1,076,889	867,973
St Paul's CE Primary School	684,424	101,479	40,491	153,981	980,375	936,046
Highfield St Matthews CE Primary School	1,639,972	367,874	122,997	232,232	2,363,075	1,882,259
Glazebury CE Primary School	390,146	143,808	54,154	98,788	686,896	499,059
Central services	121,206	360,988	46,832	392,235	921,261	1,053,117
	<u>16,583,130</u>	<u>4,099,049</u>	<u>1,435,649</u>	<u>3,808,658</u>	<u>25,926,486</u>	<u>25,154,651</u>

# LIVERPOOL DIOCESAN SCHOOLS TRUST

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2020

### 20 Analysis of net assets between funds

	Unrestricted Funds £	Restricted funds: General £	Fixed asset £	Total Funds £
<b>Fund balances at 31 August 2020 are represented by:</b>				
Intangible fixed assets	-	-	38,937	38,937
Tangible fixed assets	-	-	4,558,772	4,558,772
Current assets	1,719,509	2,388,211	480,192	4,587,912
Creditors falling due within one year	-	(2,090,538)	-	(2,090,538)
Creditors falling due after one year	-	(4,515)	-	(4,515)
Defined benefit pension liability	-	(15,507,000)	-	(15,507,000)
<b>Total net assets</b>	<b>1,719,509</b>	<b>(15,213,842)</b>	<b>5,077,901</b>	<b>(8,416,432)</b>

	Unrestricted Funds £	Restricted funds: General £	Fixed asset £	Total Funds £
<b>Fund balances at 31 August 2019 are represented by:</b>				
Intangible fixed assets	-	-	35,503	35,503
Tangible fixed assets	-	-	4,269,101	4,269,101
Current assets	1,765,227	2,379,763	154,316	4,299,306
Creditors falling due within one year	-	(2,070,159)	-	(2,070,159)
Creditors falling due after one year	-	(5,519)	-	(5,519)
Defined benefit pension liability	-	(13,610,000)	-	(13,610,000)
<b>Total net assets</b>	<b>1,765,227</b>	<b>(13,305,915)</b>	<b>4,458,920</b>	<b>(7,081,768)</b>

### 21 Pension and similar obligations

The 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 are managed by Merseyside Pension Fund, Greater Manchester Pension Fund and Cheshire 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 2016, and that of the LGPS related to the period ended 31 March 2019.

Contributions amounting to £275,187 were payable to the schemes at 31 August 2020 (2019: £197,694) and are included within creditors.

#### Teachers' Pension Scheme

##### Introduction

The Teachers' Pension Scheme (TPS) is a statutory, contributory, defined benefit scheme, governed by the Teachers' Pension Scheme Regulations 2014. Membership is automatic for teachers in academies. All teachers have the option to opt out of the TPS following enrolment.

# LIVERPOOL DIOCESAN SCHOOLS TRUST

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2020

### 21 Pension and similar obligations

(Continued)

The TPS is an unfunded scheme to which both the member and employer makes contributions, as a percentage of salary. These contributions are credited to the Exchequer. Retirement and other pension benefits are paid by public funds provided by Parliament.

#### Valuation of the Teachers' Pension Scheme

The Government Actuary, using normal actuarial principles, conducts a formal actuarial review of the TPS in accordance with the Public Service Pensions (Valuations and Employer Cost Cap) Directions 2014 published by HM Treasury every 4 years. 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 2016. The valuation report was published by the Department for Education on 5 March 2019.

The key elements of the valuation and subsequent consultation are:

- employer contribution rates set at 23.68% of pensionable pay (including a 0.08% employer administration charge)
- total scheme liabilities (pensions currently in payment and the estimated cost of future benefits) for service to the effective date of £218,100 million, and notional assets (estimated future contributions together with the notional investments held at the valuation date) of £196,100 million giving a notional past service deficit of £22,000 million
- the SCAPE rate, set by HMT, is used to determine the notional investment return. The current SCAPE rate is 2.4% above the rate of CPI. The assumed real rate of return is 2.4% in excess of prices and 2% in excess of earnings. The rate of real earnings growth is assumed to be 2.2%. The assumed nominal rate of return including earnings growth is 4.45%.

The next valuation result is due to be implemented from 1 April 2023.

The employer's pension costs paid to the TPS in the period amounted to £1,359,809 (2019: £748,005).

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 an unfunded multi-employer pension scheme. The Trust has accounted for its contributions to the scheme as if it were a defined contribution scheme. The Trust has set out above the information available on the scheme.

#### Local Government Pension Scheme

The Trust participates in the Merseyside, Greater Manchester and Cheshire local government pension schemes. The LGPS are funded defined benefit schemes, with the assets held in separate trustee-administered funds. The total contributions are as noted below. The agreed contribution rates for future years are 18.8% for employers and 5.5%-12.5% for employees.

Additional payments of £195,000 per annum have been agreed. The level of these deficit payments will be reviewed following the next actuarial review in 2020.

As described in note 28 the LGPS obligation relates to the employees of the Trust, being the employees transferred as part of the conversion from the maintained school and new employees who joined the scheme in the period. The obligation in respect of employees who transferred on conversion represents their cumulative service at both the predecessor school and the Trust at the balance sheet date.

# LIVERPOOL DIOCESAN SCHOOLS TRUST

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2020

### 21 Pension and similar obligations

(Continued)

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.

<b>Total contributions made</b>	<b>2020</b>	<b>2019</b>
	<b>£</b>	<b>£</b>
Employer's contributions	1,138,000	1,072,000
Employees' contributions	287,000	281,000
Total contributions	<u>1,425,000</u>	<u>1,353,000</u>

<b>Principal actuarial assumptions</b>	<b>2020</b>	<b>2019</b>
	<b>%</b>	<b>%</b>
Rate of increase in salaries	2.9-3.9	2.6-3.6
Rate of increase for pensions in payment/inflation	2.2-2.5	2.1-2.3
Discount rate for scheme liabilities	1.7-1.8	1.8-1.9
Inflation assumption (CPI)	<u>2.3-2.4</u>	<u>2.0-2.1</u>

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

	<b>2020</b>	<b>2019</b>
	<b>Years</b>	<b>Years</b>
Retiring today		
- Males	20.5-21.2	20.6-22.3
- Females	23.1-24.0	23.1-25.0
Retiring in 20 years		
- Males	21.9-22.5	22.0-25.2
- Females	<u>25.0-25.9</u>	<u>24.8-27.9</u>

Scheme liabilities would have been affected by changes in assumptions as follows:

	<b>2020</b>	<b>2019</b>
	<b>£</b>	<b>£</b>
0.1% increase in discount rate	- 227,000	- 486,000
1 year increase in life expectancy	+ 519,000	+ 333,000
0.1% increase in inflation	<u>+ 408,000</u>	<u>+ 474,000</u>

# LIVERPOOL DIOCESAN SCHOOLS TRUST

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2020

### 21 Pension and similar obligations

(Continued)

The Trust's share of the assets in the scheme	2020 Fair value £	2019 Fair value £
Equities	4,438,000	3,973,000
Government bonds	744,000	1,006,000
Other bonds	717,000	233,000
Cash/liquidity	524,000	356,000
Property	694,000	610,000
Other assets	1,071,000	889,000
Total market value of assets	8,188,000	7,067,000

The actual return on scheme assets was £(122,000) (2019: £349,000).

Amount recognised in the Statement of Financial Activities	2020 £	2019 £
Current service cost	1,976,000	1,451,000
Past service cost	46,000	554,000
Interest income	(142,000)	(165,000)
Interest cost	383,000	398,000
Benefit changes, curtailments and settlements gains or losses	(17,000)	(17,000)
Administration expenses	17,000	17,000
Total operating charge	2,263,000	2,238,000

Changes in the present value of defined benefit obligations	2020 £	2019 £
At 1 September 2019	20,677,000	11,851,000
Obligations acquired on conversion	-	2,335,000
Current service cost	1,976,000	1,451,000
Interest cost	383,000	398,000
Employee contributions	287,000	281,000
Actuarial loss	491,000	3,815,000
Benefits paid	(165,000)	(8,000)
Past service cost	46,000	554,000
At 31 August 2020	23,695,000	20,677,000



# LIVERPOOL DIOCESAN SCHOOLS TRUST

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2020

### 21 Pension and similar obligations (Continued)

#### Changes in the fair value of the Trust's share of scheme assets

	2020 £	2019 £
At 1 September 2019	7,067,000	3,831,000
Assets acquired on conversion	-	1,559,000
Interest income	142,000	165,000
Actuarial loss/(gain)	(264,000)	184,000
Employer contributions	1,138,000	1,072,000
Employee contributions	287,000	281,000
Benefits paid	(165,000)	(8,000)
Administration expenses	(17,000)	(17,000)
At 31 August 2020	8,188,000	7,067,000

### 22 Reconciliation of net expenditure to net cash flow from operating activities

	2020 £	2019 £
Net expenditure for the reporting period (as per the statement of financial activities)	(579,664)	(351,583)
Adjusted for:		
Net surplus on conversion to academy	(80,346)	(999,089)
Capital grants from DfE and other capital income	(815,521)	(939,022)
Investment income receivable	(2,333)	(1,425)
Defined benefit pension costs less contributions payable	901,000	950,000
Defined benefit pension scheme finance cost	241,000	233,000
Depreciation of tangible fixed assets	292,050	168,244
Decrease/(increase) in debtors	420,149	(111,848)
Increase in creditors	20,379	621,403
Net cash provided by/(used in) operating activities	396,714	(430,320)

### 23 Analysis of changes in net funds

	1 September 2019 £	Cash flows £	31 August 2020 £
Cash	3,009,838	598,193	3,608,031
Loans falling due within one year	(1,004)	-	(1,004)
Loans falling due after more than one year	(5,519)	1,004	(4,515)
	3,003,315	599,197	3,602,512

# LIVERPOOL DIOCESAN SCHOOLS TRUST

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2020

### 24 Commitments under operating leases

At 31 August 2020 the total of the Trust's future minimum lease payments under non-cancellable operating leases was:

	2020 £	2019 £
Amounts due within one year	17,018	13,896
Amounts due in two and five years	7,441	11,006
	<u>24,459</u>	<u>24,902</u>

### 25 Related party transactions

Michael Eastwood, a Member, is also a Trustee of the Liverpool Diocesan Board of Finance (Diocese of Liverpool).

During the year, the The Trust paid the Liverpool Diocesan Board of Finance (Diocese of Liverpool) a total of £3,726 for various religious education training, NQT support and attendance at the annual RE conference. The services received from the Diocese of Liverpool are associated with securing the Trust's religious character and ethos, which only the diocese can provide, and as such have been regarded as meeting the 'at cost' requirement. There were no amounts outstanding at the year end.

S Harrison, Deputy CEO of the Trust (until 7 June 2020) and Interim Director of Education, is employed and paid by the Liverpool Diocesan Board of Finance. Conversely, there are two Trust employees who are paid by the Trust and who also work for the Liverpool Diocesan Board of Finance in their roles. The estimated net effect of this arrangement is that the net cost of services provided to the Liverpool Diocesan Board of Finance is subsidising the Trust by approximately £1,926. No adjustment has been made in the accounts to recognise the donation in kind and related expense.

Mrs M Swinson, a Director, is also a Director of Liverpool Hope University. The Trust received £6,165 from Liverpool Hope University for student teacher training. There were no amounts due at the year end.

The Trust also paid Liverpool Hope University £100 for middle leadership training. There were no amounts outstanding at the year end. This transaction is below the 'at cost' threshold.

Mrs M Swinson is also a Trustee of Christian Aid. During the year, the Trust made donations of £119 to the charity following fundraising activities in the school. The transactions represent the passing on of donations raised and not the purchase of goods or services. There were no amounts due to Christian Aid at 31 August 2020.

S Roberts, daughter of C Roberts, a Director, is employed by the academy trust as a teaching assistant. S Roberts was employed by the academy trust prior to the appointment of C Roberts as a Director. S Roberts is paid within the normal pay scale for her role and receives no special treatment as a result of her relationship to a Director.

# LIVERPOOL DIOCESAN SCHOOLS TRUST

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2020

### 26 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.

### 27 Agency arrangements

The academy trust distributes 16-19 bursary funds to students as an agent for ESFA. In the accounting period ending 31 August 2020 the trust received £15,355 and disbursed £8,049 from the fund. An amount of £7,306 (2019: £nil) is included in other creditors relating to undistributed funds that is repayable to ESFA.

### 28 Conversion to an academy

The net assets transferred on conversion relate to school fund accounts inherited from schools which had converted in the prior years, but accounted for in the current year. A full breakdown by school is shown below.

The following table sets out the fair values of the identifiable assets and liabilities transferred and an analysis of their recognition in the statement of financial activities.

Academy	Location	Date of conversion		
	Unrestricted funds	Restricted funds:		Total
	£	General	Fixed asset	2020
Net assets transferred:	£	£	£	£
Cash	80,346	-	-	80,346
	<u>80,346</u>	<u>-</u>	<u>-</u>	<u>80,346</u>
	Unrestricted funds	Restricted funds:		Total
	£	General	Fixed asset	2020
Funds surplus/(deficit) transferred:	£	£	£	£
LA budget funds	80,346	-	-	80,346
	<u>80,346</u>	<u>-</u>	<u>-</u>	<u>80,346</u>

# LIVERPOOL DIOCESAN SCHOOLS TRUST

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2020

### 28 Conversion to an academy

(Continued)

#### Cronton CE Primary School

	2020 £
Net assets transferred:	
Leasehold land and buildings	-
Other tangible fixed assets	-
Cash	932
LGPS pension surplus/(deficit)	-
	<u>932</u>

	Unrestricted funds £	Restricted funds: General £	Fixed asset £	Total 2020 £
<b>Funds surplus/(deficit) transferred:</b>				
Fixed assets funds	-	-	-	-
LGPS pension funds	-	-	-	-
Other funds	932	-	-	932
	<u>932</u>	<u>-</u>	<u>-</u>	<u>932</u>

#### Halewood CE Primary School

	2020 £
Net assets transferred:	
Leasehold land and buildings	-
Other tangible fixed assets	-
Cash	79,414
LGPS pension surplus/(deficit)	-
	<u>79,414</u>

	Unrestricted funds £	Restricted funds: General £	Fixed asset £	Total 2020 £
<b>Funds surplus/(deficit) transferred:</b>				
Fixed assets funds	-	-	-	-
LGPS pension funds	-	-	-	-
Other funds	79,414	-	-	79,414
	<u>79,414</u>	<u>-</u>	<u>-</u>	<u>79,414</u>