Financial Statements

School Improvement Liverpool Limited

For the Year Ended 31 March 2017

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COMPANIES HOUSE

Registered number: 08867114

Company Information

Directors	Mrs C O'Brien Mr N M Small Ms S Tia Mr M I Killen
Registered number	08867114
Registered office	Toxteth Annexe Aigburth Road Liverpool L17 7BN
Independent auditor	Grant Thornton UK LLP Chartered Accountants & Senior Statutory Auditor Royal Liver Building Liverpool L3 1PS
Bankers	Barclays 1st Floor 3 Hardman Street Spinningfields Manchester M3 3AX
Solicitors	Bevan Brittan LLP Interchange Place Edmund Street Birmingham B3 2TA

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For the Year Ended 31 March 2017

Introduction

Welcome to School Improvement Liverpool Limited's (SIL's) Strategic Report for 2016/17. This report will provide a record of SIL's financial position, business performance for the year and future developments.
SIL is a wholly owned company of Liverpool City Council (LCC) established by the City Council in 2014 and was the first Local Authority Trading Company (LATCO) to be developed within Liverpool. The company was established to enable services to trade more effectively and grow providing the City with the benefits of profitability, by way of reduced management agreement costs for the provision of statutory and Local Authority facing services. This will allow funding to be released to support other front line services. In addition, a much larger range of better value services can be offered to Liverpool schools. The intention is that through strong strategic partnership, collaboration and the pursuit of excellence, School Improvement Liverpool will lead the market, in the northwest, by the beginning of the next decade.

School Improvement Liverpool includes the following school facing trading services:

- Core School Improvement
- Ethnic Minority and Achievement Service (EMTAS)
- Looked After Children's Education Service
- School Employment and Advice
- Attendance and Welfare
- Schools Health and Well-being team
- Schools' Parliament
- Children's University
- Schools' Finance
- Governor Support and Development
- Foreign Languages

School Improvement Liverpool provides an opportunity for the City Council to ensure that services are flexible and adaptable so that they remain sustainable for the future.

The benefits are:

- improved value for money through a formal contractual relationship that incentivises services to improve
- efficiency savings, providing the Council with a reduction in costs or opportunity to invest to meet increasing demand
- services that are more flexible and adaptable so that they remain sustainable, respond to current and future demand and deliver improved outcomes for all learners
- promotion of choice and potential, with the flexibility an arms-length structure can provide, to generate income through trading with the ability to make a profit
- retention of the vital function of School Improvement services for the council.

SIL is now classified as a Medium sized Company under Regulations 2008 due to the size of our turnover and the number of employees we employ. SIL has a reported turnover of £10.8m for 2016-17. This is in comparison with the previous year of £11.3m a difference of £0.5m.

The Directors of the company during this period were:

Susan Shinkfield	Chief Executive of SIL
Colette O'Brien	Director of Children Services
Councillor Nick Small	Children Services cabinet member
Sandra Tia	SIL Client officer
Becky Hellard	LCC Section 251 Officer

Strategic report

For the Year Ended 31 March 2017

Business performance

'The company's key financial KPIs are:

- Maintaining of revenue and expenditure to budgeted amounts
- Attaining revenue growth targets

Performance against these KPIs are discussed below.

SIL is reporting a real growth in performance of £177k (which is reflected in the SAP financial system), though the Statement of comprehensive income is showing an overall loss of £218k. This is due to the impact of the pension liabilities and tax within the 2016-17 financial statements. This is in comparison to an overall loss of £100k in the previous reporting period. The real growth performance which excludes pension liabilities and taxation is in line with the original business plan forecast agreed by Cabinet however due to the known risks moving forward SIL are undertaking a full function and business plan review with a recommendation to be presented to the Board. The report will focus on the company's development and future prospects with confirmation of future year's funding agreement between Schools, LCC and SIL. This is in conjunction with an updated and more customer focused Marketing plan for the Company.

Since SIL's incorporation and based on the assumption of annual pupil increase of 4% SIL are on target to meet their objective of allowing schools to make their budgets go further by a cash freeze on current Liverpool Schools combined services contribution level. By the end of the contract term SIL will have secured £600k saving to school budgets.

SIL has met the required efficiency savings target of £485k against the LCC management agreement. In addition to this, SIL have also agreed to 3 contract price variations over the last 2 financial years equating to a further cumulative saving of £515k to LCC. No contract variations were undertaken in this financial period.
LCC have indicated as part of their 3 year budget plan that there is an intention to reduce the contract by £0.15m in 2018-19 and to £0.3m in 2019-20. The reduction in funding will form part of the business plan review mentioned earlier.

Annual turnover fell in comparison to the previous year due to a number of factors (but exceeded the original budget set by the Broad):

- Reduction in service level agreement income for EMTAS and Modern Foreign Language service areas
- Reduction in external Health grants from Clinical Commissioning Group and NHS
- Contract variations between the City and SIL

Although annual turnover has fallen, SIL has seen an overall increase in turnover from pay as you go traded services of 2.5% compared to budget. This is due to a number of factors:

- A slight increase in the percentage take up of delegates attending training sessions compared to 2015-16. 11,971 delegates attended out of 21,186 potential customers
- New Primary resources brought to the Market for:
  - Maths Problem solving
  - Planning for progress: Writing
  - Spelling Assessment Year 1-6
- New products brought to the Market for:
  - School of Sanctuary Accreditation
  - MFL Quality Mark
  - Discover more and make it count projects
  - Literacy and Numeracy boxes

Strategic report
For the Year Ended 31 March 2017

Marketing position

The markets for SIL: Education Recruitment (SER) especially are highly competitive. Therefore SIL must ensure it is using its stronghold in Liverpool to full effect; though there are concerns within this landscape.

Whilst some customer behaviours within Liverpool are in line with Ambassadors or Steady Eddies, there are some dissatisfied or lost sheep that SIL must address. For SER, some customers in Liverpool are still prospect. SIL must therefore have an engagement strategy in place with schools and use all our internal resources to maximum effect to increase take up of SER.

Private companies have a much higher marketing budget then what SIL can commit at this time but feedback from staff at SIL indicate that customers are attracted to 'new' or 'fresh' providers, and SIL are perceived in a very different way.

SIL are developing a number of new Marketing initiatives during the coming months including a taster brochure which will see 17,000 copies distributed within the Education Magazine in May 2017 plus a full page advert in all 3 editions. The appointment of a new marketing manager from 1st June 2017 should have a positive impact moving forward enabling SIL to be more competitive in the market place.

Groups of schools, be it alliances, networks or Multi Academy Trusts (MATs), need further consideration & rationalising, in line with a long-term strategy. Evidence from learning networks, & national training associations such as UCL or Every Child Counts is that the training providers that are performing well are engaging with groups of schools rather than an individual approach.

Competitors for Toxteth Annexe are also strong locally and without some investment into the building they will continue to take market share. Also with the tightening of budgets Toxteth Annexe has seen a reduction in this financial year in income from external customers especially LCC.

A detailed Marketing plan will be published alongside the new business plan which will go to Board in September.

Current employee statistics

The table below provides a breakdown at the end of the financial year of the Gender pay gap, comparing pay between Male and Female employees. The Senior Leadership team including the Chief Executive comprises of 4 senior executive officers with 3 employees in senior executive positons being female. The pay dispersion for SIL compares the highest salary to the pay of the average employee (£34k) which equates to a ratio of 2.35.

2016-2017	*Lower Quartile*	*Lower middle quartile*	*Upper middle quartile*	*Upper quartile*	*Total number of employee's*
Average Male salary	17,908	26,820	39,124	54,049	
Total Male Employees	4	7	5	11	27.00
Average Female salary	14,813	28,917	37,296	56,124	
Total Female Employees	38	35	37	31	141.00
Mean gender pay gap as a % of Men's pay	-17%	8%	-5%	4%	
Total % of Male employees	7%	17%	12%	26%	16%

Strategic report

For the Year Ended 31 March 2017

Future developments

There are a number of areas which School Improvement are investing in during 2017-18. This investment will form part of our long term strategy for sustainable growth.

1. Improve SIL's Marketing strategy, using our data and information more strategically.
2. Implementation of a new SIL website and possible rebranding ensuring it is mobile, responsive and capitalising on all traffic arriving at the site.
3. Rebranding of Toxteth Annexe increasing the usage by reaching out to local businesses and networks.
4. Official launch of the SIL Education Recruitment Agency
5. Increase trading outside Liverpool –Total number of customers outside of Liverpool for 2016-17 equates to 257 37% of our total customer base. This needs to increase to at least 40% in the next financial period.
6. Increase trading outside Liverpool Maintained schools.

The impact of this investment could have a significant positive impact on future profitability for SIL if business plan expectations are met. The performance of these areas will be closely monitored during 2017-18 to ensure key performance targets are being achieved and budget is in line with the plan.

SIL is also in the development stage of setting up a School Improvement MAT with members of the trust from Merseyside Fire Brigade, Liverpool Mutual Homes, Former Head teacher of an outstanding Secondary school and Chamber of Commerce. SIL are about to open discussions with the Regional Schools Commissioner and start consultation with Schools in the coming months. The timeframe set for completion is September 2018.

The aim is for SIL to be the service provider of choice through genuine collaboration and partnership with head teachers, leaders of education and local businesses. The company will use its well-established knowledge of the local context in which our schools operate to provide tailored and well-focused support.

Our objective is that through strong strategic partnership, collaboration and the pursuit of excellence, SIL will lead the market, in the North West, by the beginning of the next decade. This is in line with our aims and objectives to deliver a range of highly effective, quality assured services to schools and education providers with the aim of supporting and challenging them to achieve the best possible outcomes for children and young people.

This will give the children and young people the best possible start in life, raising their skills and educational attainment for all age groups. In turn, this will support future economic prosperity of the City and the Mayoral priorities to be the preferred choice for investment and job creation with families making active choices to educate their children within Liverpool encouraging business creation, growth and productivity from investors accessing the growth in local talent entering the labour market. This will be achieved with a skilled, motivated, flexible and enthusiastic team of well qualified and highly motivated staff

SIL are also working alongside the Teaching schools to prepare a joint bid for the recently announced Strategic School Improvement Fund (£140m available nationally). The intention of this funding is to support school improvement and help to build school-led capacity. The funding will be pass-ported via the Teaching Schools with the intention that School Improvement will be the commissioner of choice for Liverpool.

SIL are also applying via the Teaching and Leadership innovation fund (TLIF). The Department for Education (DfE) expects to run a limited number of TLIF bidding rounds during the current spending review period (ending March 2020). Which will total £75m over a 3 year period.

In Tranche 1, the Dfe will be seeking evidence-based proposals for teachers' CPD and/or leadership development, which would be ready to deliver to participants from autumn term 2017. SIL have pulled together a small working group to prepare a number of bids and will submit 2 bids in the first round for Early Years and Science.

Finally SIL have applied for NPQ qualification license and we are waiting on the outcome. Even if we are unsuccessful in achieving our own license we have a number of options with other authorities whereby we will be the deliverer of choice.

Risk

Contract Agreement

Following on from the announcement in the autumn spending review, the Government are still looking to review the Schools Funding system alongside the Early Years funding system. The original intention to rebalance the national formula in 2017-18 has been delayed until 2018-19. The Government are currently consulting on stage 2 of the process with a closing date of 22nd March 2017. There will be significant risks to SIL from the introduction of the national funding formula in relation to how we currently receive funding. The intention is to allocate funding directly to schools from 2019-2020, therefore SIL need to be ready to trade with schools either via service level agreements, pay as you go or where possible de-delegation (potentially only for 2018-19).

From a SIL perspective the DfE are proposing reforming School Improvement policy in the context of a school-led system with the expectation that local authorities will step back from running school improvement from the end of the 2017-18 academic year and therefore will not receive funding for this function in the future. Currently SIL receive funding for this service via combined service within the DSG which is a historic commitment. Schools forum have agreed in full the combined services element £1.7m for 2017-18 nonetheless they did agree to reduce the Secondary MFL offer from September 2017 by £42k.

The Schools revenue operational guide updated in November 2016 states that from 2017 to 2018, schools forum can agree to de-delegate further funding for additional school improvement provision for maintained schools. This provision sits alongside the new school improvement grant for statutory local authority intervention functions. This new grant will commence from September 2017. Based on the latest information from the DfE it is estimated that Liverpool could receive up to £270k from the £50m pot available. Then again it will depend on the number of maintained schools in the authority as at September 2017. It is estimated that there would be a contribution of £1,884 for each school.

These are significant risks to SIL which demonstrates the huge challenge ahead in ensuring that any reduction in the management agreement can be met by increases in traded services or the possibility of transferring more services currently undertaken by LCC to SIL. SIL wish to continue to grow and re-invest in the common good rather than cut services therefore consideration will be given to new products being developed and product diversification to ensure we continue to provide high quality affordable services to our Liverpool Schools. In spite of this with sales so heavily reliant on Liverpool schools, and currently a relatively small amount of schools driving the majority of income, School Improvement Liverpool are at risk of income fluctuations when purchasing behaviour changes at individual school level.

Pension review

The Fund Actuary has now completed the 2016 Triennial Valuation, finalising SIL's funding position and the new employer contribution plan for the period 1 April 2017 to 31 March 2020.

The Actuarial valuation results show that SIL are currently funded at a rate of 101% with an overall surplus of £163k. This means that our future service rate has actually reduced from 15.5% to 15.4%. Our demographic profile is showing 129 active members with an average employer age of 48 and an average employee contribution rate of 7.2%.

SIL's implied recovery period has reduced down to 18 years compared to the average 19 year period.

For the year to 31 March 2017 the actuary has performed a valuation of SIL funding position subsequent to the triennial valuation. This shows that the scheme is currently funded at a rate of 78% with an overall deficit of £6,141. The demographic profile is 142 active members.

The valuation is recognised annually through the Statement of comprehensive income and forms part of SIL's budget setting process to reflect the revised primary rate agreed by the Fund. Whilst we now know our next 3 year contribution rate, this is outside the control of the company and is still a risk moving forward. In order to reduce this risk and as part of the Funding Strategy Statement the Fund is considering offering employers a choice of investment buckets which exhibit lower investment risk than the whole fund strategy.

In September SIL will be seeking approval from the Board to adopt a medium risk investment strategy (already received approval from LCC Chief Finance Officer) from April 2017 to March 2020.

The low risk investment bucket has been designed to hold lower risk, income generating assets such as bonds, property and infrastructure. The lower risk bucket will target a minimum investment return above CPI inflation and should provide some stability to SIL in relation to the significant fluctuations SIL has experienced over the last 2 years.

Cash Sufficiency

The Company's business model is based upon the following revenue streams:

1. 46% (£5m) generated from LCC Management Services Agreement which is for a 5 year period with the possibility of extending for a further 3 years effective from 1st November 2014. The contract is paid quarterly in advance and increased annually in line with the Public Sector Pay Award.

2. 24% (£2.6m) generated from Annual Service level agreements which schools pay annually in advance for services provided by SIL. 100% of Liverpool Schools buy back some form of SLA with SIL.

3. 29% (£3.1m) generated from pay as you go traded services from all educational establishments from within Liverpool and outside the City boundaries. SIL has 692 current customers that buy services.

As a result, the Company has to date enjoyed a strong cash position. From the outset, there has been no requirement for LCC to inject funds for operational purposes and cash flow as at 31st March 2017 was £1m. Looking forward, and as stated above, revenue is projected to grow giving overall initial comfort as to the sustainability of the cash position.

Customer terms requiring advance payment for annual Service Level Agreements and the Management Agreement in particular will remain a key element of the Company's cash flow position ensuring this element of the cocktail of cash generative measures is maintained and enhanced as levels of business increase in line with the business plan projections. There appears to be little risk that these are under threat in the short to medium term.
The company has no borrowing and is a wholly owned company of Liverpool City Council.

This report was approved by the board on 2nd October 2017 and signed on its behalf.

Mr M I Killen
Director

Directors' report
For the Year Ended 31 March 2017

The directors present their report and the financial statements for the year ended 31 March 2017.

Results and dividends

The loss for the year, after taxation, amounted to £218,102 (2016 - loss of £99,702).

Directors

The directors who served during the year were:

Mrs R Hellard (resigned 10 February 2017)
Mrs C O'Brien
Mrs S E Shinkfield (resigned 31 March 2017)
Mr N M Small
Ms S Tia (appointed 22 September 2016)

Directors' responsibilities statement

The directors are responsible for preparing the Strategic report, the Directors' report and the financial statements in accordance with applicable law and regulations.

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have elected to prepare the financial statements in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice), including Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland'. Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the Company and of the profit or loss of the Company for that period.

In preparing these financial statements, the directors are required to:

- select suitable accounting policies for the Company's financial statements and then apply them consistently;
- make judgments and accounting estimates that are reasonable and prudent;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Company will continue in business.

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

Disclosure of information to auditor

Each of the persons who are directors at the time when this Directors' report is approved has confirmed that:

- so far as the director is aware, there is no relevant audit information of which the Company's auditor is unaware, and
- the director has taken all the steps that ought to have been taken as a director in order to be aware of any relevant audit information and to establish that the Company's auditor is aware of that information.

Directors' report (continued)

For the Year Ended 31 March 2017

Post balance sheet events

There have been no significant events affecting the Company since the year end.

Auditor

The auditor, Grant Thornton UK LLP, will be proposed for reappointment in accordance with section 487(2) of the Companies Act 2006.

This report was approved by the board on 2nd October 2017 and signed on its behalf.

Mr M I Killen
Director

Grant Thornton

Independent Auditor's Report to the Members of School Improvement Liverpool Limited

We have audited the financial statements of School Improvement Liverpool Limited for the year ended 31 March 2017, which comprise the Statement of comprehensive income, the Balance sheet, the Statement of changes in equity, the Statement of cash flows and the related notes. The financial reporting framework that has been applied in their preparation is the applicable law and the United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice), including Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland'.

This report is made solely to the 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 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 Company and the Company's members as a body, for our audit work, for this report, or for the opinions we have formed.

Respective responsibilities of Directors and Auditor

As explained more fully in the Directors' responsibilities statement on page 7, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view. Our responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Financial Reporting Council's Ethical Standards for Auditors.

Scope of the audit of the financial statements

A description of the scope of an audit of financial statements is provided on the Financial Reporting Council's website at www.frc.org.uk/auditscopeukprivate.

Opinion on financial statements

In our opinion the financial statements:

- give a true and fair view of the state of the Company's affairs as at 31 March 2017 and of its loss for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

GrantThornton

Independent Auditor's Report to the Members of School Improvement Liverpool Limited (continued)

Opinion 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 Strategic report and the Directors' report for the financial year for which the financial statements are prepared is consistent with those financial statements; and
- the Strategic report and the Directors' report have been prepared in accordance with applicable legal requirements.

Matters on which we are required to report under the Companies Act 2006

In the light of the knowledge and understanding of the Company and its environment obtained in the course of the audit, we have not identified any material misstatements in the Strategic report and the Directors' report.

Matters on which we are required to report by exception

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

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

Grant Thornton UK LLP

Emma Stoddart (Senior Statutory Auditor)
For and on behalf of
Grant Thornton UK LLP
Statutory Auditor
Chartered Accountants
Liverpool
Date: 17 October 2017

Statement of comprehensive income

For the Year Ended 31 March 2017

	Note	2017 £	2016 £
Turnover - continuing operations	4	**10,518,678**	11,252,448
Gross profit		**10,518,678**	11,252,448
Administrative expenses		**(10,675,803)**	(11,174,265)
Operating (loss)/profit - continuing operations	5	**(157,125)**	78,183
Interest payable and expenses	9	**(100,000)**	(108,000)
Loss before tax		**(257,125)**	(29,817)
Tax on loss	10	**39,023**	(69,885)
Loss for the financial year		**(218,102)**	(99,702)
Other comprehensive income for the year			
Actuarial (losses)/gains on defined benefit pension scheme	18	**(2,595,000)**	946,000
Movement in deferred tax asset relating to pension deficit	15	**420,530**	(140,200)
Other comprehensive income for the year		**(2,174,470)**	805,800
Total comprehensive income for the year		**(2,392,572)**	706,098

The notes on pages 15 to 32 form part of these financial statements.

School Improvement Liverpool Limited
Registered number:08867114

Balance sheet
As at 31 March 2017

	Note		2017 £		2016 £
Current assets					
Debtors: amounts falling due after more than one year	11	**1,082,971**		579,028	
Debtors: amounts falling due within one year	11	**1,281,492**		1,152,162	
Cash at bank and in hand	12	**1,004,518**		1,096,775	
		3,368,981		2,827,965	
Creditors: amounts falling due within one year	13	**(1,580,108)**		(1,676,520)	
Net current assets			**1,788,873**		1,151,445
Total assets less current liabilities			**1,788,873**		1,151,445
Pension liability	18		**(6,141,000)**		(3,111,000)
Net liabilities			**(4,352,127)**		(1,959,555)
Capital and reserves					
Called up share capital	16		**1**		1
Profit and loss account	17		**(4,352,128)**		(1,959,556)
			(4,352,127)		(1,959,555)

The financial statements were approved and authorised for issue by the board and were signed on its behalf on

2 October 2017

Mr M I Killen
Director

The notes on pages 15 to 32 form part of these financial statements.

Statement of changes in equity

For the Year Ended 31 March 2017

	Called up share capital	Profit and loss account	Total equity
	£	£	£
At 1 April 2015	1	(2,665,654)	(2,665,653)
Comprehensive income for the year			
Loss for the year	-	(99,702)	(99,702)
Actuarial gains on pension scheme	-	946,000	946,000
Deferred tax movements	-	(140,200)	(140,200)
Other comprehensive income for the year	-	805,800	805,800
Total comprehensive income for the year	-	706,098	706,098
Total transactions with owners	-	-	-
At 1 April 2016	1	(1,959,556)	(1,959,555)
Comprehensive income for the year			
Loss for the year	-	(218,102)	(218,102)
Actuarial losses on pension scheme	-	(2,595,000)	(2,595,000)
Deferred tax movements	-	420,530	420,530
Other comprehensive income for the year	-	(2,174,470)	(2,174,470)
Total comprehensive income for the year	-	(2,392,572)	(2,392,572)
Total transactions with owners	-	-	-
At 31 March 2017	1	(4,352,128)	(4,352,127)

Statement of cash flows
For the Year Ended 31 March 2017

	2017	2016
	£	£
Cash flows from operating activities		
Loss for the financial year	**(218,102)**	(99,702)
Adjustments for:		
Taxation charge	**(39,023)**	27,892
(Increase)/decrease in debtors	**(129,330)**	56,650
Increase/(decrease) in creditors	**46,342**	(185,755)
(Decrease) in amounts owed to group undertakings	**(73,442)**	(698,129)
Defined benefit pension scheme expenses	**435,000**	555,000
Corporation tax (paid)	**(113,702)**	(17,665)
Net cash generated from operating activities	**(92,257)**	(361,709)
Net (decrease) in cash and cash equivalents	**(92,257)**	(361,709)
Cash and cash equivalents at beginning of year	**1,096,775**	1,458,484
Cash and cash equivalents at the end of year	**1,004,518**	1,096,775
Cash and cash equivalents at the end of year comprise:		
Cash at bank and in hand	**1,004,518**	1,096,775
	1,004,518	1,096,775

Notes to the financial statements
For the Year Ended 31 March 2017

1. General information

School Improvements Liverpool Limited is a private company limited by shares incorporated in England & Wales. Its registered head office is located at Toxteth Annexe, Aigburth Road, Liverpool, L17 7BN.

The principal activity has been disclosed within the Strategic Report.

2. Accounting policies

2.1 Basis of preparation of financial statements

The financial statements have been prepared under the historical cost convention unless otherwise specified within these accounting policies and in accordance with Financial Reporting Standard 102, the Financial Reporting Standard applicable in the UK and the Republic of Ireland and the Companies Act 2006.

Information on the impact of first-time adoption of FRS 102 is given in note 22.

The financial statements are presented in sterling (£).

The preparation of financial statements in compliance with FRS 102 requires the use of certain critical accounting estimates. It also requires management to exercise judgment in applying the Company's accounting policies (see note 3).

The following principal accounting policies have been applied:

2.2 Going concern

Not withstanding the deficit in reserves which has arisen as a result of the liability on the defined benefit pension scheme, the financial statements have been prepared on a going concern basis. The directors believe the support available from the parent undertaking in the form of a £2.885m treasury facility to be sufficient for this basis to be used. The directors have prepared cashflow projections and forecasts and are satisfied that the company has adequate resources to continue in operational existence for the foreseeable future. The parent undertaking also acts as guarantor for the local government pension scheme liability disclosed in note 18 of the financial statements.

2.3 Revenue

Revenue is recognised to the extent that it is probable that the economic benefits will flow to the Company and the revenue can be reliably measured. Revenue is measured as the fair value of the consideration received or receivable, excluding discounts, rebates, value added tax and other sales taxes.

Revenue in respect of the provision of services to Schools is recognied on delivery of the service.

2.4 Debtors

Short term debtors are measured at transaction price, less any impairment. Loans receivable are measured initially at fair value, net of transaction costs, and are measured subsequently at amortised cost using the effective interest method, less any impairment.

Notes to the financial statements
For the Year Ended 31 March 2017

2. Accounting policies (continued)

2.5 Cash and cash equivalents

Cash is represented by cash in hand and deposits with financial institutions repayable without penalty on notice of not more than 24 hours. Cash equivalents are highly liquid investments that mature in no more than three months from the date of acquisition and that are readily convertible to known amounts of cash with insignificant risk of change in value.

2.6 Financial instruments

The Company only enters into basic financial instrument transaction that result in the recognition of financial assets and liabilities like trade and other debtors and creditors.

Debt instruments (other than those wholly repayable or receivable within one year), including other accounts receivable and payable, are initially measured at present value of the future cash flows and subsequently at amortised cost using the effective interest method. Debt instruments that are payable or receivable within one year, typically trade debtors and creditors, are measured, initially and subsequently, at the undiscounted amount of the cash or other consideration expected to be paid or received. However, if the arrangements of a short-term instrument constitute a financing transaction, like the payment of a trade debt deferred beyond normal business terms or financed at a rate of interest that is not a market rate or in case of an out-right short-term loan not at market rate, the financial asset or liability is measured, initially, at the present value of the future cash flow discounted at a market rate of interest for a similar debt instrument and subsequently at amortised cost.

Financial assets that are measured at cost and amortised cost are assessed at the end of each reporting period for objective evidence of impairment. If objective evidence of impairment is found, an impairment loss is recognised in the Statement of comprehensive income.

For financial assets measured at amortised cost, the impairment loss is measured as the difference between an asset's carrying amount and the present value of estimated cash flows discounted at the asset's original effective interest rate. If a financial asset has a variable interest rate, the discount rate for measuring any impairment loss is the current effective interest rate determined under the contract.

For financial assets measured at cost less impairment, the impairment loss is measured as the difference between an asset's carrying amount and best estimate of the recoverable amount, which is an approximation of the amount that the Company would receive for the asset if it were to be sold at the balance sheet date.

Financial assets and liabilities are offset and the net amount reported in the Balance sheet when there is an enforceable right to set off the recognised amounts and there is an intention to settle on a net basis or to realise the asset and settle the liability simultaneously.

2.7 Creditors

Short term creditors are measured at the transaction price. Other financial liabilities are measured initially at fair value, net of transaction costs, and are measured subsequently at amortised cost using the effective interest method.

Notes to the financial statements
For the Year Ended 31 March 2017

2. Accounting policies (continued)

2.8 Operating leases

Rentals paid under operating leases are charged to the Statement of comprehensive income on a straight line basis over the lease term.

Benefits received and receivable as an incentive to sign an operating lease are recognised on a straight line basis over the lease term, unless another systematic basis is representative of the time pattern of the lessee's benefit from the use of the leased asset.

The Company has taken advantage of the optional exemption available on transition to FRS 102 which allows lease incentives on leases entered into before the date of transition to the standard of 1 April 2015 to continue to be charged over the period to the first market rent review rather than the term of the lease.

Notes to the financial statements
For the Year Ended 31 March 2017

2. Accounting policies (continued)

2.9 Pensions

Teachers' Pension Scheme (TPS)

The TPS is an unfunded scheme. Contributions to the TPS are calculated so as to spread the cost of pensions over employees' working lives with the Company in such a way that the pension cost is a substantially level percentage of current and future pensionable payroll. The contributions are determined by qualified actuaries on the basis of valuations using a prospective benefit method.

The TPS is a multi-employer scheme and there is insufficient information available to use defined benefit accounting. The TPS is therefore treated as a defined contribution plan and the contributions recognised as an expense in the income statement in the periods during which services are rendered by employees.

Defined benefit pension plan

The Company operates a defined benefit plan for certain employees. A defined benefit plan defines the pension benefit that the employee will receive on retirement, usually dependent upon several factors including but not limited to age, length of service and remuneration. A defined benefit plan is a pension plan that is not a defined contribution plan.

The liability recognised in the Balance sheet in respect of the defined benefit plan is the present value of the defined benefit obligation at the end of the balance sheet date less the fair value of plan assets at the balance sheet date (if any) out of which the obligations are to be settled.

The defined benefit obligation is calculated using the projected unit credit method. Annually the company engages independent actuaries to calculate the obligation. The present value is determined by discounting the estimated future payments using market yields on high quality corporate bonds that are denominated in sterling and that have terms approximating to the estimated period of the future payments ('discount rate').

The fair value of plan assets is measured in accordance with the FRS 102 fair value hierarchy and in accordance with the Company's policy for similarly held assets. This includes the use of appropriate valuation techniques.

Actuarial gains and losses arising from experience adjustments and changes in actuarial assumptions are charged or credited to other comprehensive income. These amounts together with the return on plan assets, less amounts included in net interest, are disclosed as 'Actuarial gains/(losses) on defined benefit pension scheme'.

The cost of the defined benefit plan, recognised in profit or loss as employee costs, except where included in the cost of an asset, comprises:

a) the increase in net pension benefit liability arising from employee service during the period; and

b) the cost of plan introductions, benefit changes, curtailments and settlements.

The net interest cost is calculated by applying the discount rate to the net balance of the defined benefit obligation and the fair value of plan assets. This cost is recognised in profit or loss as a 'finance expense'.

Notes to the financial statements
For the Year Ended 31 March 2017

2. Accounting policies (continued)

2.10 Provisions for liabilities

Provisions are made where an event has taken place that gives the Company a legal or constructive obligation that probably requires settlement by a transfer of economic benefit, and a reliable estimate can be made of the amount of the obligation.

Provisions are charged as an expense to the Statement of comprehensive income in the year that the Company becomes aware of the obligation, and are measured at the best estimate at the Balance sheet date of the expenditure required to settle the obligation, taking into account relevant risks and uncertainties.

When payments are eventually made, they are charged to the provision carried in the Balance sheet.

2.11 Current and deferred taxation

The tax expense for the year comprises current and deferred tax. Tax is recognised in the Statement of comprehensive income, except that a charge attributable to an item of income and expense recognised as other comprehensive income or to an item recognised directly in equity is also recognised in other comprehensive income or directly in equity respectively.

The current income tax charge is calculated on the basis of tax rates and laws that have been enacted or substantively enacted by the balance sheet date in the countries where the Company operates and generates income.

Deferred tax balances are recognised in respect of all timing differences that have originated but not reversed by the Balance sheet date, except that:

- The recognition of deferred tax assets is limited to the extent that it is probable that they will be recovered against the reversal of deferred tax liabilities or other future taxable profits; and
- Any deferred tax balances are reversed if and when all conditions for retaining associated tax allowances have been met.

Deferred tax balances are not recognised in respect of permanent differences except in respect of business combinations, when deferred tax is recognised on the differences between the fair values of assets acquired and the future tax deductions available for them and the differences between the fair values of liabilities acquired and the amount that will be assessed for tax. Deferred tax is determined using tax rates and laws that have been enacted or substantively enacted by the balance sheet date.

Notes to the financial statements
For the Year Ended 31 March 2017

3. Judgments in applying accounting policies and key sources of estimation uncertainty

The directors consider the key judgements and estimates in the accounts to be as follows;

- the valuation of pension scheme liabilities
- doubtful debt provisions

Defined benefit pension scheme liability
The present value of the defined benefit pension scheme depends on a number of factors that are determined on an actuarial basis using a variety of assumptions. The assumptions used in determining the net cost (income) for pensions include the discount rate. Any changes in these assumptions which are disclosed in note 18, will impact the carrying amount of the pension liability. Furthermore a roll forward approach which projects results from the latest full actuarial valuation performed at 31 March 2016 has been used by the actuary in valuing the pensions liability at 31 March 2017. Any differences between the figures derived from the roll forward approach and a full actuarial valuation would impact on the carrying amount of the pension liability.

Deferred tax asset recognised on the defined benefit pension scheme liability
Management have recognised a deferred tax asset in respect of the defined benefit scheme on the basis that they will obtain corporation tax relief in the future when the liability is paid down. This is considered a significant area of judgement given the length of time the liability will take to settle and the assessment that the company will be profitable in the future.

Doubtful debt provisions
Management review the recoverable amount of debtors at each financial year end and provide against any debts that management believe are non recoverable in part or in full.

4. Turnover

An analysis of turnover by class of business is as follows:

	2017	2016
	£	£
Income	**10,518,678**	11,252,448

Analysis of turnover by country of destination:

	2017	2016
	£	£
United Kingdom	**10,518,678**	11,252,448

Notes to the financial statements
For the Year Ended 31 March 2017

5. Operating (loss)/profit

The operating (loss)/profit is stated after charging:

	2017 £	2016 £
Fees payable to the Company's auditor for the audit of the Company's annual financial statements	**17,350**	14,500
- Taxation compliance services	**3,500**	3,500
Operating lease rentals - land and buildings	**29,279**	39,126
Defined benefit pension cost	**158,613**	201,465

6. Auditor's remuneration

	2017 £	2016 £
Fees payable to the Company's auditor for the audit of the Company's annual financial statements	**17,350**	14,500

Fees payable to the Company's auditor in respect of:

	2017 £	2016 £
Taxation compliance services	**3,500**	3,500
All other services	**11,131**	5,250
	14,631	8,750

7. Employees

Staff costs, including directors' remuneration, were as follows:

	2017 £	2016 £
Wages and salaries	**6,134,805**	5,955,190
Social security costs	**625,466**	478,130
Cost of defined benefit scheme	**1,196,613**	1,310,630
	7,956,884	7,743,950

The average monthly number of employees, including the directors, during the year was as follows:

	2017 No.	2016 No.
Employees	**164**	162

Notes to the financial statements

For the Year Ended 31 March 2017

8. Directors' remuneration

	2017	2016
	£	£
Directors' emoluments	**79,356**	77,343

During the year retirement benefits were accruing to 1 directors (2016: 1) in respect of the defined benefit pension scheme. Contributions paid during the year amount to £13,078 (2016: £11,835).

9. Interest payable and similar charges

	2017	2016
	£	£
Net interest on defined benefit liability	**100,000**	108,000

10. Taxation

	2017	2016
	£	£
Corporation tax		
Current tax on losses for the year	**44,390**	113,702
Adjustments in respect of previous periods	-	(27,319)
Total current tax	**44,390**	86,383
Deferred tax		
Origination and reversal of timing differences	**(19,773)**	(16,498)
On pension scheme deficit	**(63,640)**	-
Total deferred tax	**(83,413)**	(16,498)
Taxation on loss on ordinary activities	**(39,023)**	69,885

Notes to the financial statements

For the Year Ended 31 March 2017

10. Taxation (continued)

Factors affecting tax charge for the year

The tax assessed for the year is higher than (2016 -higher than) the standard rate of corporation tax in the UK of 20% (2016 - 20%). The differences are explained below:

	2017 £	2016 £
Loss on ordinary activities before tax	**(257,125)**	(29,817)
Loss on ordinary activities multiplied by standard rate of corporation tax in the UK of 20% (2016 -20%)	**(51,425)**	(5,963)
Effects of:		
Expenses not deductible for tax purposes	**95,815**	111,000
Adjustments to tax charge in respect of prior periods	-	(27,319)
Other timing differences leading to an increase in taxation	-	8,665
Other differences leading to a decrease in the tax charge	**(19,773)**	(16,498)
Deferred tax on pension scheme deficit	**(63,640)**	-
Total tax charge for the year	**(39,023)**	69,885

The aggregate current and deferred tax relating to items that are recognised as items of other comprehensive income are credits of £420,530 (2016: charges of £140,200).

Factors that may affect future tax charges

During the year the UK corporation tax rate was decreased. There will be a further reduction in the main rate of corporation tax to 19% from 1 April 2017, and following budget 2016 announcements the rate will fall to 17% in 2020.

Notes to the financial statements
For the Year Ended 31 March 2017

11. Debtors

	2017 £	2016 £
Due after more than one year		
Deferred taxation (note 15)	**1,082,971**	579,028
	1,082,971	579,028

	2017 £	2016 £
Due within one year		
Trade debtors	**1,106,825**	873,462
Amounts owed by group undertaking	**140,105**	166,449
Called up share capital not paid	**1**	1
Prepayments and accrued income	**34,561**	112,250
	1,281,492	1,152,162

An impairment loss of £177,312 (2016: £233,046) was recognised against trade debtors.

12. Cash and cash equivalents

	2017 £	2016 £
Cash at bank and in hand	**1,004,518**	1,096,775

13. Creditors: Amounts falling due within one year

	2017 £	2016 £
Trade creditors	**640,612**	427,064
Amounts owed to group undertakings	**295,851**	369,293
Corporation tax	**44,390**	113,702
Other taxation and social security	**329,682**	363,318
Other creditors	**109,628**	236,759
Accruals and deferred income	**159,945**	166,384
	1,580,108	1,676,520

Notes to the financial statements

For the Year Ended 31 March 2017

14. Financial instruments

	2017 £	2016 £
Financial assets		
Financial assets that are debt instruments measured at amortised cost	**2,251,448**	2,136,686
Financial liabilities		
Financial liabilities measured at amortised cost	**(1,206,036)**	(1,199,230)

Financial assets that are debt instruments measured at amortised cost comprise cash and other assets that have the contractual right to receive cash.

Financial liabilities measured at amortised cost comprise other liabilities which have the contractual obligation to deliver cash.

15. Deferred taxation

	2017 £	2016 £
At beginning of year	**579,028**	702,730
Charged to profit or loss	**83,413**	16,498
Charged to other comprehensive income	**420,530**	(140,200)
At end of year	**1,082,971**	579,028

The deferred tax asset is made up as follows:

	2017 £	2016 £
Accelerated capital allowances	**39,001**	19,228
On defined benefit pension scheme	**1,043,970**	559,800
	1,082,971	579,028

Notes to the financial statements

For the Year Ended 31 March 2017

16. Share capital

	2017	2016
	£	£
Shares classified as equity		
Allotted, called up and not paid		
1 Ordinary share of £1	**1**	1

17. Reserves

Profit and loss account

Includes all current and prior periods retained profits and losses.

Notes to the financial statements

For the Year Ended 31 March 2017

18. Pension commitments

The Company's employees belong to two principal post-employment benefit plans: the Teachers' Pension Scheme England and Wales (TPS) for academic and related staff; and the Merseyside Local Government Pension Scheme (LGPS) for non-teaching staff. Both are multi-employer defined-benefit plans.

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

Contributions amounting to £109,628 (2016: £106,821) were payable to the TPS at 31 March and are included within creditors.

Total amount paid into the TPS and changed to the Statement of Comprehensive Income for the year was £625,466 (2016: £478,130).

Teachers' Pension Scheme

The Teachers' Pension Scheme (TPS) is a statutory, contributory, defined benefit scheme, governed by the Teachers' Pensions Regulations 2010, and, from 1 April 2014, by the Teachers' Pension Scheme Regulations 2014. These regulations apply to teachers in schools and other educational establishments, including academies, in England and Wales that are maintained by local authorities. In addition, teachers in many independent and voluntary-aided schools and teachers and lecturers in some establishments of further and higher education may be eligible for membership. Membership is automatic for full-time teachers and lecturers and, from 1 January 2007, automatic too for teachers and lecturers in part-time employment following appointment or a change of contract. Teachers and lecturers are able to opt out of the TPS.

The Teachers' Pension Budgeting and Valuation Account

Although members may be employed by various bodies, their retirement and other pension benefits are set out in regulations made under the Superannuation Act 1972 and are paid by public funds provided by Parliament. The TPS is an unfunded scheme and members contribute on a 'pay as you go' basis – these contributions, along with those made by employers, are credited to the Exchequer under arrangements governed by the above Act. Retirement and other pension benefits are paid by public funds provided by Parliament.

The Teachers' Pensions Regulations 2010 require an annual account, the Teachers' Pension Budgeting and Valuation Account, to be kept of receipts and expenditure (including the cost of pension increases). From 1 April 2001, the Account has been credited with a real rate of return, which is equivalent to assuming that the balance in the Account is invested in notional investments that produce that real rate of return.

Valuation of the Teachers' Pension Scheme

The latest actuarial review of the TPS was carried out as at 31 March 2012 and in accordance with The Public Service Pensions (Valuations and Employer Cost Cap) Directions 2014. The valuation report was published by the Department for Education (the Department) on 9 June 2014. The key results of the valuation are:

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

18. Pension commitments (continued)

The new employer contribution rate for the TPS was implemented in September 2015. The next valuation of the TPS is currently underway based on April 2016 data, whereupon the employer contribution rate is expected to be reassessed and will be payable from 1 April 2019.

A full copy of the valuation report and supporting documentation can be found on the Teachers' Pension Scheme website at the following location:

https://www.teacherspensions.co.uk/news/employers/2014/06/publication-of-the-valuation-report.aspx

Scheme Changes

Following the Hutton report in March 2011 and the subsequent consultations with trade unions and other representative bodies on reform of the TPS, the Department published a Proposed Final Agreement, setting out the design for a reformed TPS to be implemented from 1 April 2015.

The key provisions of the reformed scheme include: a pension based on career average earnings; an accrual rate of 1/57th; and a Normal Pension Age equal to State Pension Age, but with options to enable members to retire earlier or later than their Normal Pension Age. Importantly, pension benefits built up before 1 April 2015 will be fully protected.

In addition, the Proposed Final Agreement includes a Government commitment that those within 10 years of Normal Pension Age on 1 April 2012 will see no change to the age at which they can retire, and no decrease in the amount of pension they receive when they retire. There will also be further transitional protection, tapered over a three and a half year period, for people who would fall up to three and a half years outside of the 10 year protection.

Regulations giving effect to a reformed Teachers' Pension Scheme came into force on 1 April 2014 and the reformed scheme commenced on 1 April 2015.

FRS 102 (28)

Under the definitions set out in FRS 102 (28.11), the TPS is a multi-employer pension plan. The Company is unable to identify its share of the underlying assets and liabilities of the plan.

Accordingly, the Company has taken advantage of the exemption in FRS 102 and has accounted for its contributions to the scheme as if it were a defined-contribution plan. The Company has set out above the information available on the plan and the implications for the Company in terms of the anticipated contribution rates.

Local government pension scheme

The Company operates a Defined benefit pension scheme.

The pension cost and provision for the year ended 31 March 2017 are based on the advice of a professionally qualified actuary. The most recent full actuarial valuation is dated 31 March 2016. The results of this valuation were based upon a set of assumptions and assumed that the experience of the fund will be in line with these assumptions.

The contribution made for the year ended 31 March 2017 was £703,000. The agreed contribution rate for future years is 15%.

Notes to the financial statements
For the Year Ended 31 March 2017

18. Pension commitments (continued)

Reconciliation of present value of plan liabilities:

	2017	2016
	£	£
Reconciliation of present value of plan liabilities		
At the beginning of the year	**19,493,000**	18,840,000
Current service cost	**1,015,000**	1,048,000
Interest on pension liabilities	**706,000**	646,000
Actuarial losses/(gains)	**5,686,000**	(1,388,000)
Member contributions	**336,000**	294,000
Past service cost	**-**	53,000
Benefits paid	**(134,000)**	-
At the end of the year	27,102,000	19,493,000

	2017	2016
	£	£
Reconcilliation of fair value of scheme assets		
At the beginning of the year	**16,382,000**	15,338,000
Administration expenses	**(23,000)**	(20,000)
Expected return	**-**	-
Interest cost	**606,000**	538,000
Actuarial gains/(losses)	**3,091,000**	(442,000)
Contributions by employer	**703,000**	674,000
Benefits paid	**(134,000)**	-
Members contributions	**336,000**	294,000
At the end of the year	20,961,000	16,382,000

18. Pension commitments (continued)

Composition of plan assets:

	2017 £	2016 £
Equities	**11,235,000**	8,486,000
Bonds	**3,228,000**	2,605,000
Cash	**713,000**	557,000
Property	**1,635,000**	1,458,000
Other	**4,150,000**	3,276,000
Total plan assets	**20,961,000**	16,382,000

	2017 £	2016 £
Amounts recognised in Statement of Financial Position		
Fair value of plan assets	**20,961,000**	16,382,000
Present value of plan liabilities	**(27,102,000)**	(19,493,000)
Net pension scheme liability	**(6,141,000)**	(3,111,000)

The amounts recognised in profit or loss and other comprehensive income are as follows:

	2017 £	2016 £
Profit or loss		
Interest on obligation	**(706,000)**	(646,000)
Interest income	**606,000**	538,000
Current service cost	**1,015**	1,048
Total finance cost	**(98,985)**	(106,952)
Other comprehensive income		
Actuarial (gains)/losses on plan assets	**(3,091,000)**	1,388,000
Actuarial losses/(gains) on plan liabilities	**5,686,000**	(442,000)
Total actuarial (losses)/gains	**(2,595,000)**	(946,000)

The cumulative amount of actuarial gains and losses recognised in the Statement of comprehensive income was losses of £5,119,000 (2016 - losses of £2,524,000).

The actual return on plan assets for the year was £3,501k (2016: £96k).

The Company expects to contribute £692,000 to its Defined benefit pension scheme in 2018.

Notes to the financial statements
For the Year Ended 31 March 2017

18. Pension commitments (continued)

Principal actuarial assumptions at the Balance sheet date (expressed as weighted averages):

	2017	2016
	%	%
Discount rate	**2.6%**	3.6%
Future salary increases	**3.8%**	3.5%
Inflation assumption (CPI)	**2.3%**	2.0%
Increase in pensions in payment/deferment	**2.3%**	2.0%
Mortality rates		
- for a male aged 65 now	**21.9**	22.5
- at 65 for a male aged 45 now	**24.9**	24.9
- for a female aged 65 now	**24.7**	25.4
- at 65 for a female member aged 45 now	**27.7**	28.2

Amounts for the current and previous two periods are as follows:

Defined benefit pension schemes

	2017	2016	2015
	£	£	£
Defined benefit obligation	**(27,102,000)**	(19,493,000)	(18,840,000)
Scheme assets	**20,961,000**	16,382,000	15,338,000
Deficit	**(6,141,000)**	(3,111,000)	(3,502,000)
Experience adjustments on scheme liabilities	**(816,000)**	-	-
Experience adjustments on scheme assets	**-**	-	-
	(816,000)	-	-

Notes to the financial statements
For the Year Ended 31 March 2017

19. Commitments under operating leases

At 31 March 2017 the Company had future minimum lease payments under non-cancellable operating leases as follows:

	2017	2016
	£	£
Not later than 1 year	**27,600**	29,613
Later than 1 year and not later than 5 years	**43,700**	81,938
	71,300	111,551

There were no commitments under operating leases after 5 years.

20. Related party transactions

As a wholly owned subsidiary of Liverpool City Council, advantage has been taken of the exemption in FRS 102 (section 33) "Related Party Disclosure" in respect of disclosures of transactions and balances with other wholly owned group undertakngs.

The individuals that are considered by the company to be key management personnel have received remuneration totalling £499,692 (2016: £498,760).

21. Controlling party

The immediate and ultimate parent undertaking and controlling party is Liverpool City Council.

22. First time adoption of FRS 102

The last financial statements were for the year ended 31 March 2016, the date of transition to FRS102 was therefore 1 April 2015.

The policies applied under the entity's previous accounting framework are not materially different to FRS 102 and have not impacted on equity or profit or loss.