Company Registration No. 08867114 (England and Wales)

SCHOOL IMPROVEMENT LIVERPOOL LIMITED

REPORT AND FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2020

SCHOOL IMPROVEMENT LIVERPOOL LIMITED

COMPANY INFORMATION

Directors	Councillor B Murrary Mr S Reddy Mr J Jones
Company number	08867114
Registered office	Toxteth Avenue Aigburth Road Liverpool Merseyside L17 7BN
Auditor	Grant Thornton UK LLP 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

SCHOOL IMPROVEMENT LIVERPOOL LIMITED

STRATEGIC REPORT

FOR THE YEAR ENDED 31 MARCH 2020

The directors present the strategic report for the year ended 31 March 2020.

1. Introduction

Welcome to School Improvement Liverpool Limited's (SIL's) Strategic Report for 2019/20. This report provides a commentary on SIL's reported financial position and business performance for the year ended 31st March 2020 and identifies planned future developments.

It is the view of the directors that the company accounts represent a true and fair view of the state of affairs of the company for the year ended 31st March 2020. Suitable accounting policies have been established and applied consistently having consideration to updates within the financial regulation standards. The directors have also considered the impact on Brexit to be insignificant.

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 by the City Council. The company was established to enable services to trade more effectively and grow providing the City with the benefits of sustainability, by way of reduced costs for the provision of statutory and Local Authority facing services. In addition, a much larger range of better value services can be offered to Liverpool schools. Our ambition remains that through a strong strategic partnership approach, increased collaboration and the pursuit of excellence in service standards, School Improvement Liverpool will maintain its position as a market leader in the North West in providing support services to schools in the region.

SIL has a reported turnover of £10.9m (2019: £11.3m) for 2019-2020 which is a decrease of 3% compared to the previous financial year mainly due to the closure of Liverpool Swimming pools which severely impacted on the Swimming SLA. SIL employed 176 FTE (full time equivalents) (excluding Supply agency staff) as at 31st March 2020. This is a decrease of 3 employees compared to 1st April 2019.

The Directors of the company during the year to 31st March 2020 were:

Steve Reddy	Director of Children Services
Councillor B. Murrary	Cabinet Member Schools & Education
Johnathan Jones	Director of School Improvement Liverpool (appointed 17 February 2020)
Sandra Tia	SIL Client officer (resigned 29 April 2020)

Resignations during the year to 31st March 2020:

Malik Killen	Interim Chief Executive of SIL (Interim arrangements ceased on 1st April 2019)

2. Business Performance

SIL began trading in 2014 with 137.4 (FTE) staff across the 21 service areas with running costs of circa £10.9m. This has now grown and is still growing with 176 staff on the payroll excluding supply staff as at 31st March 2020. SIL's annual revenue has decreased to circa £10.9m.

The position as per the Statement of Comprehensive Income is a reported loss for the financial year of £0.815m. This is in comparison to a reported loss of £0.498m in the previous year 2018-19.

SIL has seen an overall decrease in trading compared to the previous year of 3%. However pay as you go trading increased by 7% generated from growth areas in early years and national professional qualifications.

3. Future Developments

SIL has set a number of strategic targets to be achieved by the summer of 2020/2021 to ensure the company remains sustainable and fit for purpose. These are currently being reviewed in line with the Education Improvement Board.

- Raise Standards across all phases moving Liverpool to the second quartile in the region (this has been severely impacted by COVID 19)
- *Grow the customer base to 1000 active settings.*
- Increase the range of services provided to Liverpool and other Local Authorities.
- Increase turnover by £1m.

In order to achieve the strategic targets, there are a number of areas which SIL is investing in during the next 3 financial years.

- SIL's recovery plan from COVID 19
- Supporting the Education Improvement strategy.
- Improvements to SIL's Marketing strategy, using data and information more strategically, helping to develop and increase the range of services offered.
- Implementation and further development of the SIL website ensuring it is flexible, responsive and capitalising on all web-based activity.
- Expand the SIL supply agency across all Liverpool Schools supporting any future universal offer.
- Improve the use of management information including the development of improved customer engagement, data and impact analysis.
- Development of an on-line training portal capitalising on the growing on-line training market.

In conjunction with the Board and the Director of SIL a revised business plan will be developed identifying new methods of service delivery that will reduce the cost base and identify opportunities for growth whilst supporting the outcomes for Children.

4. Risk

FLU Pandemic – COVID-19

On Monday 16th March in line with government guidance and Public Health England SIL management agreed all staff where possible should work from home and cancel non-essential face to face meetings including school training, conferences and external support.

The forecasted financial loss for the company for 2020/21 financial year is estimated at £0.134m which is immaterial compared to original forecast. This assumed services to schools were postponed until the September 2020 and limited school facing support services offered until the start of the new financial year. The loss to revenue would be £1.2m which is offset by a reduction in expenditure resulting in a net deficit position of £0.134m.Cashflow risk has been mitigated by advance invoicing of the management agreement up to Quarter 3 and the imposing of the governments procurement policy note with schools.

Historic Commitment funding – Universal offer

The central school historic commitment funding will continue to fund all local authorities for their ongoing responsibilities. There will be, however, a cumulative annual reduction to the element of funding for commitments made prior to 2013 to 2014, in line with the previously stated policy to withdraw this funding over time. The DfE whilst confirming there will be annual reductions have not stated what the percentage levels will be for future years. It will basically depend on how much is left in the overall funding envelope for schools.

SIL have started planning for the reduction and will consult with key stakeholders including the SIL client officer as part of on-going contractual discussions.

Value for money

In order for SIL to demonstrate the services offered are value for money and can maximise impact on children's outcomes, SIL will be adopting a consistent benchmarking approach for all phases of education. This will involve a 3-year programme for roll out to schools both within Liverpool and the wider region. SIL will take children's published outcomes and use them both diagnostically and formatively to identify the support and CPD that will maximise the impact of children's learning.

SIL is committed to ensuring greater rates of attainment across schools whilst ensuring that pupil progress remains a key element of its approach for all pupils. The impact of this will be monitored through the distribution of schools across the national benchmark groups for progress. By targeting progress this will lead to sustained improvements in attainment.

Pension review

Due to the significant re-measurement of the pension liabilities this has not been able to be absorbed within trading profit expectations, however SIL does have sufficient funds within its retained balances to cover the increases in current service costs including the impact of the McCloud ruling which has increased the past service costs by £0.279m. The current service cost is outside the control of the company.

SIL used the assumptions adopted in the actuary report and comparing this to the assumptions adopted at the end of the previous year we have seen an increase in accounting deficit to the fund of £2.7m leading to an overall pension deficit of £7.7m. The increase in deficit is mainly due to McCloud ruling plus the impact of the COVID 19 crisis which has seen a substantial fall in equity markets around the world as at March 2020. This has resulted in an increase in liabilities leading to an increase in accounting deficits.

5. Cash Sufficiency

SIL's business model is based upon the following revenue streams for the Financial Year 2019/2020:

- 43% (£4.7m) generated from LCC Management Services Agreement which has now been extended for a further 3 years until October 2022. The contract is paid quarterly in advance and increased annually in line with the Public Sector Pay Award.
- Circa 33% (£3.6m) generated from Annual Service Level Agreements which schools pay annually in advance. 100% of Liverpool Schools buy back some form of SLA with SIL.
- Circa 24% (£2.7m) generated from pay as you go traded services from all educational establishments from within Liverpool and outside the City boundaries. SIL has 702 current customers that buy services generating a further 2% in revenue.

As a result, SIL has to date enjoyed a strong cash position. From the outset, there has been no requirement for LCC to inject additional funds for operational purposes with cash in bank at 31st March 2020 being £1.8m. SIL's cash flow position has seen a net decrease of cash of £0.4m.

Having formed an opinion at the time of approving these accounts, it is the intention of the directors to continue to prepare the financial statements on a going concern basis given the cash reserves retained within the company and the short term borrowing facility available from LCC. The directors believe this is sufficient to ensure the company has adequate resources to continue existing trading policies. For further information see the going concern accounting policy on page 15.

The company has no borrowing and is a wholly owned subsidiary of Liverpool City Council.

6. Gender Pay Report

The table below provides a breakdown as at 31st March 2020 of the number of Male and Female employees within the company. The Senior Leadership team comprises of 5 Senior executive officers with 3 employees in senior executive positions being female. During the financial year 2019/2020 the Director of School Improvement post was vacant until 17th February 2020.

School Improvement Liverpool did not issue any Bonus Payments during the financial period to 31 March 2020.

Gender	Mean Hourly Pay	Median Hourly Pay
Male	23.95	20.73
Female	21.21	20.73
Mean Gender Pay Gap	11.44	
Median Gender Pay Gap		0

Pay Quartiles	Female %	Male %
Top Quartile	76.32	23.68
Upper Middle Quartile	80.00	20.00
Lower Middle Quartile	90.91	9.09
Lower Quartile	85.37	14.63

On behalf of the board

Steve Reddy
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Mr S Reddy
Director

Date: 19/3/2021

SCHOOL IMPROVEMENT LIVERPOOL LIMITED

DIRECTORS' REPORT

FOR THE YEAR ENDED 31 MARCH 2020

The directors present their annual report and financial statements for the year ended 31 March 2020.

Principal activities
The principal activity of the company has been disclosed within the strategic report.

Directors
The directors who held office during the year and up to the date of signature of the financial statements were as follows:

Councillor B Murrary	
Mr S Reddy	
Mr M Killen	(Resigned 1 April 2019)
Ms S Tia	(Resigned 29 April 2020)
Mr J Jones	(Appointed 17 February 2020)

Results and dividends
The results for the year are set out on page 11.

No ordinary dividends were paid. The directors do not recommend payment of a final dividend.

Post reporting date events
The COVID-19 pandemic has severely impacted on many local economies. The impact on the Company arising from the pandemic has been considered by the Board. There are no adjusting or non-adjusting events which have come to light at this time.

Auditor
Grant Thornton UK LLP have indicated their willingness to be reappointed for another term and appropriate arrangements have been put in place for them to be deemed reappointed as auditors in the absence of an Annual General Meeting.

Statement of disclosure to auditor
So far as each person who was a director at the date of approving this report is aware, there is no relevant audit information of which the company's auditor is unaware. Additionally, each director has taken all the necessary steps that they ought to have taken as a director in order to make themselves aware of all relevant audit information and to establish that the company's auditor is aware of that information.

On behalf of the board

Steve Reddy
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Mr S Reddy
Director

Date: 19/3/2021

SCHOOL IMPROVEMENT LIVERPOOL LIMITED

DIRECTORS' RESPONSIBILITIES STATEMENT

FOR THE YEAR ENDED 31 MARCH 2020

The directors are responsible for preparing the Strategic Report and 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 United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law including FRS 102 'The Financial Reporting Standard 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 and then apply them consistently;
- make judgements 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.

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF SCHOOL IMPROVEMENT LIVERPOOL LIMITED

Opinion

We have audited the financial statements of School Improvement Liverpool Limited (the 'company') for the year ended 31 March 2020, which comprise the Statement of Comprehensive Income, the Statement of Financial Position, the Statement of Changes in Equity, the Statement of Cashflows and notes to the financial statements, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law 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).

In our opinion, the financial statements:

- give a true and fair view of the state of the company's affairs as at 31 March 2020 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.

Basis for opinion

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

The impact of macro-economic uncertainties on our audit

Our audit of the financial statements requires us to obtain an understanding of all relevant uncertainties, including those arising as a consequence of the effects of macro-economic uncertainties such as Covid-19 and Brexit. All audits assess and challenge the reasonableness of estimates made by the directors and the related disclosures and the appropriateness of the going concern basis of preparation of the financial statements. All of these depend on assessments of the future economic environment and the company's future prospects and performance.

Covid-19 and Brexit are amongst the most significant economic events currently faced by the UK, and at the date of this report their effects are subject to unprecedented levels of uncertainty, with the full range of possible outcomes and their impacts unknown. We applied a standardised firm-wide approach in response to these uncertainties when assessing the company's future prospects and performance. However, no audit should be expected to predict the unknowable factors or all possible future implications for a company associated with these particular events.

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

In our evaluation of the directors' conclusions, we considered the risks associated with the company's business including effects arising from macro-economic uncertainties such as Covid-19 and Brexit, and analysed how those risks might affect the company's financial resources or ability to continue operations over the period of at least twelve months from the date when the financial statements are authorised for issue. In accordance with the above, we have nothing to report in these respects.

However, as we cannot predict all future events or conditions and as subsequent events may result in outcomes that are inconsistent with judgements that were reasonable at the time they were made, the absence of reference to a material uncertainty in this auditor's report is not a guarantee that the company will continue in operation.

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF SCHOOL IMPROVEMENT LIVERPOOL LIMITED (CONTINUED)

Other information

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

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

We have nothing to report in this regard.

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

Matter 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 material misstatements in the strategic report or the directors' report.

Matters on which we are required to report by exception

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

- adequate accounting records have not been kept, or returns adequate for our audit have not been received from branches not visited by us; or
- the financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of 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 directors' responsibilities statement set out 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, and for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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

Auditor's responsibilities for the audit of the financial statements

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

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

Use of our report

This report is made solely to the 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.

Grant Thornton UK LLP

Michael Lowe (Senior Statutory Auditor)
For and on behalf of Grant Thornton UK LLP, Statutory Auditor
Chartered Accountants
Royal Liver Building
Liverpool
L3 1PS

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19/3/2021

SCHOOL IMPROVEMENT LIVERPOOL LIMITED

STATEMENT OF COMPREHENSIVE INCOME

FOR THE YEAR ENDED 31 MARCH 2020

	Notes	2020 £	2019 £
Turnover	3	10,915,653	11,265,591
Cost of sales		(8,871,222)	(8,729,538)
Gross profit		2,044,431	2,536,053
Administrative expenses		(1,309,637)	(1,485,439)
Administrative expense- Defined benefit pension scheme		(1,731,000)	(1,563,000)
Operating loss	6	(996,206)	(512,386)
Interest payable and similar expenses	8	(125,000)	(75,000)
Loss before taxation		(1,121,206)	(587,386)
Tax on loss	9	305,915	89,848
Loss for the financial year		(815,291)	(497,538)
Other comprehensive income net of taxation			
Actuarial loss on defined benefit pension schemes		(1,339,000)	(1,064,000)
Tax relating to other comprehensive income		254,410	180,880
Total comprehensive income for the year		(1,899,881)	(1,380,658)

SCHOOL IMPROVEMENT LIVERPOOL LIMITED

STATEMENT OF FINANCIAL POSITION
AS AT 31 MARCH 2020

	Notes	2020 £	2020 £	2019 £	2019 £
Fixed assets					
Intangible assets	10		-		4,678
Tangible assets	11		26,803		24,427
			26,803		29,105
Current assets					
Debtors falling due after more than one year	12	1,496,835		895,714	
Debtors falling due within one year	12	2,420,173		1,141,004	
Cash at bank and in hand		1,794,312		2,150,015	
		5,711,320		4,186,733	
Creditors: amounts falling due within one year	13	(2,907,729)		(2,161,563)	
Net current assets			2,803,591		2,025,170
Total assets less current liabilities			2,830,394		2,054,275
Net assets excluding pension liability			2,830,394		2,054,275
Defined benefit pension liability	15		(7,777,000)		(5,101,000)
Net liabilities			(4,946,606)		(3,046,725)
Capital and reserves					
Called up share capital	16		1		1
Profit and loss reserves	17		(4,946,607)		(3,046,726)
Total equity			(4,946,606)		(3,046,725)

The financial statements were approved by the board of directors and authorised for issue on 19/3/2021 and are signed on its behalf by:

Steve Reddy

Mr S Reddy
Director

SCHOOL IMPROVEMENT LIVERPOOL LIMITED

STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 31 MARCH 2020

	Share capital	Profit and loss reserves	Total
	£	£	£
Balance at 1 April 2018	1	(1,666,068)	(1,666,067)
Year ended 31 March 2019:			
Loss for the year	-	(497,538)	(497,538)
Other comprehensive income net of taxation:			
Actuarial losses on defined benefit plans	-	(1,064,000)	(1,064,000)
Tax relating to other comprehensive income	-	180,880	180,880
Total comprehensive income for the year	-	(1,380,658)	(1,380,658)
Balance at 31 March 2019	1	(3,046,726)	(3,046,725)
Year ended 31 March 2020:			
Loss for the year	-	(815,291)	(815,291)
Other comprehensive income net of taxation:			
Actuarial losses on defined benefit plans	-	(1,339,000)	(1,339,000)
Tax relating to other comprehensive income	-	254,410	254,410
Total comprehensive income for the year	-	(1,899,881)	(1,899,881)
Balance at 31 March 2020	1	(4,946,607)	(4,946,606)

SCHOOL IMPROVEMENT LIVERPOOL LIMITED

STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED 31 MARCH 2020

	Notes	2020 £	2020 £	2019 £	2019 £
Cash flows from operating activities					
Cash (absorbed by)/generated from operations	18		(257,352)		520,564
Income taxes paid			(58,085)		(65,980)
Net cash (outflow)/inflow from operating activities			(315,437)		454,584
Investing activities					
Purchase of tangible fixed assets		(40,266)		(36,870)	
Net cash used in investing activities			(40,266)		(36,870)
Net (decrease)/increase in cash and cash equivalents			(355,703)		417,714
Cash and cash equivalents at beginning of year			2,150,015		1,732,301
Cash and cash equivalents at end of year			1,794,312		2,150,015

1 Accounting policies

Company information

School Improvement Liverpool Limited is a private company limited by shares and is registered and incorporated in England and Wales. The registered office is Toxteth Avenue, Aigburth Road, Liverpool, Merseyside, L17 7BN.

The company's principal activities and nature of its operations are disclosed in the Strategic Report.

Accounting convention

These financial statements have been prepared in accordance with FRS 102 “The Financial Reporting Standard applicable in the UK and Republic of Ireland” (“FRS 102”) and the requirements of the Companies Act 2006.

The financial statements are prepared in sterling, which is the functional currency of the company. Monetary amounts in these financial statements are rounded to the nearest £.

The financial statements have been prepared under the historical cost convention. The principal accounting policies adopted are set out below.

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 have considered cash flow projections and forecasts through to 31 March 2022, taking into account reasonable possible changes to income as a result of the ongoing impact that the Covid-19 pandemic is having on the company and considering the availability of financial support from its parent undertaking, Liverpool City Council. Cash flow risk is also being mitigated by enforcing the governments procurement policy note in respect of payment of suppliers by schools.

The support from the parent undertaking, Liverpool City Council (LCC), is committed under the terms of the management agreement between the company and LCC. The short term borrowing facility that is available under the management agreement expires in October 2022 and is set on a basis of expenditure, the facility currently available is c£3.5m. This support has also been demonstrated by advance payment of the annual management fee to the company by LCC.

As a result of the cash reserves of the company and the continued support from LCC, the directors consider it is appropriate to adopt the going concern basis in preparing the financial statements.

Turnover

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 recognised on delivery of the service.

Annual service level agreement income and management fee income is recognised in the period to which it relates.

Intangible fixed assets other than goodwill

Intangible assets being software are shown at cost and are amortised to the Statement of comprehensive income over its estimated useful economic life. This is currently estimated to be:

Software	- 3 years

1 Accounting policies (Continued)

Tangible fixed assets

Tangible fixed assets under the cost model are stated at historical cost less accumulated depreciation and any accumulated impairment losses. Historical cost includes expenditure that is directly attributable to bringing the asset to the location and condition necessary for it to be capable of operating in the manner intended by management.

Depreciation is charged so as to allocate the cost of assets less their residual value over their estimated useful lives, as set out below.

Depreciation is provided on the following basis:

Computer equipment	- 3 years

The assets' residual values, useful lives and depreciation methods are reviewed, and adjusted prospectively if appropriate, or if there is an indication of a significant change since the last reporting date.

Gains and losses on disposals are determined by comparing the proceeds with the carrying amount and are recognised in the Statement of comprehensive income.

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.

1 Accounting policies (Continued)

Financial instruments

The Company only enters into basic financial instrument transactions 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 finance 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 Statement of Financial Position 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.

Basic financial assets

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.

Other financial assets

Other financial assets, including trade investments, are initially measured at fair value, which is normally the transaction price. Such assets are subsequently carried at fair value and the changes in fair value are recognised in profit or loss, except that investments in equity instruments that are not publicly traded and whose fair values cannot be measured reliably are measured at cost less impairment.

1 Accounting policies (Continued)

Impairment of financial assets
Financial assets, other than those held at fair value through profit and loss, are assessed for indicators of impairment at each reporting end date.

Financial assets are impaired where there is objective evidence that, as a result of one or more events that occurred after the initial recognition of the financial asset, the estimated future cash flows have been affected. If an asset is impaired, the impairment loss is the difference between the carrying amount and the present value of the estimated cash flows discounted at the asset's original effective interest rate. The impairment loss is recognised in profit or loss.

If there is a decrease in the impairment loss arising from an event occurring after the impairment was recognised, the impairment is reversed. The reversal is such that the current carrying amount does not exceed what the carrying amount would have been, had the impairment not previously been recognised. The impairment reversal is recognised in profit or loss.

Derecognition of financial assets
Financial assets are derecognised only when the contractual rights to the cash flows from the asset expire or are settled, or when the company transfers the financial asset and substantially all the risks and rewards of ownership to another entity, or if some significant risks and rewards of ownership are retained but control of the asset has transferred to another party that is able to sell the asset in its entirety to an unrelated third party.

Basic financial liabilities
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.

Other financial liabilities
Derivatives, including interest rate swaps and forward foreign exchange contracts, are not basic financial instruments. Derivatives are initially recognised at fair value on the date a derivative contract is entered into and are subsequently re-measured at their fair value. Changes in the fair value of derivatives are recognised in profit or loss in finance costs or finance income as appropriate, unless hedge accounting is applied and the hedge is a cash flow hedge.

Debt instruments where the contractual returns, repayment of the principal, or other terms (such as prepayment provisions or term extensions) do not meet the conditions to be measured at amortised cost, are subsequently measured at fair value through profit or loss. Debt instruments may be designated as being measured at fair value though profit or loss to eliminate or reduce an accounting mismatch or if the instruments are measured and their performance evaluated on a fair value basis in accordance with a documented risk management or investment strategy.

Derecognition of financial liabilities
Financial liabilities are derecognised when, and only when, the company's contractual obligations are discharged, cancelled, or they expire.

Equity instruments
Equity instruments issued by the company are recorded at the fair value of proceeds received, net of transaction costs. Dividends payable on equity instruments are recognised as liabilities once they are no longer at the discretion of the company.

Changes in the fair value of derivatives that are designated and qualify as fair value hedges are recognised in profit or loss immediately, together with any changes in the fair value of the hedged asset or liability that are attributable to the hedged risk.

1 Accounting policies (Continued)

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 Statement of Financial Position 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 Statement of Financial Position date.

Retirement benefits
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 statement of comprehensive income 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 Statement of Financial Position in respect of the defined benefit plan is the present value of the defined benefit obligation at the end of the Statement of Financial Position date less the fair value of plan assets at the Statement of Financial Position date (if any) out of which the obligations are to be settled. The net defined benefit liability reflects the impact of the McCloud judgement.

1 Accounting policies (Continued)

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'.

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.

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 Statement of Financial Position 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 Statement of Financial Position.

2 Judgements 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 and associated deferred tax asset
- 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 15, 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 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.

The pension liability at 31st March 2020 includes £2.432m of property assets which are valued for the local government pension scheme. The financial statements for the Merseyside Pension fund at 31st March 2020 reported a 'material valuation uncertainty' in respect of the valuation of the property assets held within the pension fund which was undertaken by a firm of chartered surveyors. Consequently, less certainty, and a higher degree of caution, should be attached to the property element within the pension scheme liability than would normally be the case. However, by 31st July 2020 advice had been issued to chartered surveyors by RICS indicating that there was no longer a material uncertainty in the property sector and the value of the property assets within the pension fund at 30th September 2020 had reduced by 4.65%. The Board therefore does not believe there is material uncertainty in respect of the property assets contained within the defined benefit obligation at 31st March 2020 as a result of the updated guidance issued by RICS, although recognises that there remains significant judgement in arriving at the value of the property assets.

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.

3 Turnover and other revenue

	2020	2019
	£	£
Turnover analysed by class of business		
Income	10,915,653	11,265,591

	2020	2019
	£	£
Turnover analysed by geographical market		
United Kingdom	10,915,653	11,265,591

4 Employees

The average monthly number of persons (including directors) employed by the company during the year was:

	2020 Number	2019 Number
Employees	176	178

Their aggregate remuneration comprised:

	2020 £	2019 £
Wages and salaries	6,793,344	6,769,026
Social security costs	668,531	663,097
Pension costs	2,177,267	1,737,846
	9,639,142	9,169,969

5 Directors' remuneration

	2020 £	2019 £
Remuneration for qualifying services	9,897	83,640

The number of directors for whom retirement benefits are accruing under defined benefit schemes amounted to 1 (2019 - 1).

Contributions paid during the year amounted to £1,524 (2019: £12,881).

6 Operating loss

Operating loss for the year is stated after charging:	2020 £	2019 £
Depreciation of owned tangible fixed assets	37,890	38,219
Amortisation of intangible assets	4,678	4,679
Operating lease charges	35,279	27,600

7 Auditor's remuneration

	2020	2019
Fees payable to the company's auditor and its associates:	£	£
For audit services		
Audit of the financial statements of the company	24,500	16,275
For other services		
All other non-audit services	1,500	2,210

8 Interest payable and similar expenses

	2020	2019
	£	£
Other finance costs:		
Net interest on the net defined benefit liability	125,000	75,000

9 Taxation

	2020	2019
	£	£
Current tax		
UK corporation tax on losses for the current period	40,796	58,085
Deferred tax		
Origination and reversal of timing differences	9,339	(1,393)
Other adjustments	(356,050)	(146,540)
Total deferred tax	(346,711)	(147,933)
Total tax credit	(305,915)	(89,848)

9 Taxation (Continued)

The total tax credit for the year included in the Statement of Comprehensive Income can be reconciled to the loss before tax multiplied by the standard rate of tax as follows:

	2020 £	2019 £
Loss before taxation	(1,121,206)	(587,386)
Expected tax credit based on the standard rate of corporation tax in the UK of 19.00% (2019: 19.00%)	(213,029)	(111,603)
Tax effect of expenses that are not deductible in determining taxable profit	320,705	169,688
Other differences leading to an (decrease)/increase in the tax charge	9,339	(1,393)
Deferred tax on pension scheme deficit	(356,050)	(146,540)
Effect of change in deferred tax rate	(66,880)	-
Taxation credit for the year	(305,915)	(89,848)

In addition to the amount credited to profit or loss, the following amounts relating to tax have been recognised directly in other comprehensive income:

	2020 £	2019 £
Deferred tax arising on:		
Actuarial differences recognised as other comprehensive income	(254,410)	(180,880)

10 Intangible fixed assets

	Software £
Cost	
At 1 April 2019 and 31 March 2020	14,035
Amortisation and impairment	
At 1 April 2019	9,357
Amortisation charged for the year	4,678
At 31 March 2020	14,035
Carrying amount	
At 31 March 2020	-
At 31 March 2019	4,678

11 Tangible fixed assets

	Computer equipment £
Cost	
At 1 April 2019	82,430
Additions	40,266
At 31 March 2020	122,696
Depreciation and impairment	
At 1 April 2019	58,003
Depreciation charged in the year	37,890
At 31 March 2020	95,893
Carrying amount	
At 31 March 2020	26,803
At 31 March 2019	24,427

12 Debtors

Amounts falling due within one year:	2020 £	2019 £
Trade debtors	657,859	847,318
Amounts owed by group undertakings	1,634,169	139,663
Prepayments and accrued income	128,145	154,023
	2,420,173	1,141,004

Amounts falling due after more than one year:	2020 £	2019 £
Deferred tax asset (note 14)	1,496,835	895,714
Total debtors	3,917,008	2,036,718

An impairment loss of £26,435 (2019: £4,114) was recognised against trade debtors.

SCHOOL IMPROVEMENT LIVERPOOL LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED 31 MARCH 2020

13 Creditors: amounts falling due within one year

	2020 £	2019 £
Trade creditors	606,515	1,033,333
Amounts owed to group undertakings	1,477,611	426,862
Corporation tax	40,796	58,085
Other taxation and social security	498,934	354,415
Other creditors	121,864	119,365
Accruals and deferred income	162,009	169,503
	2,907,729	2,161,563

14 Deferred taxation

The major deferred tax liabilities and assets recognised by the company are:

Balances:	Assets 2020 £	Assets 2019 £
Accelerated capital allowances	19,205	28,544
Retirement benefit obligations	1,477,630	867,170
	1,496,835	895,714

Movements in the year:	2020 £
Asset at 1 April 2019	(895,714)
Credit to profit or loss	(346,711)
Credit to other comprehensive income	(254,410)
Asset at 31 March 2020	(1,496,835)

The deferred tax asset at 31 March 2020 has been calculated at the rate of 19% as this is the prevailing rate that the company expects the asset to reverse. The deferred tax asset primarily relates to the defined benefit obligation which is expected to reverse over the next 12 years as tax relief begins to be claimed again from 2022 on contributions paid into the scheme.

15 Retirement benefit schemes

Defined contribution schemes	2020 £	2019 £
Charge to profit or loss in respect of defined contribution schemes	446,267	174,846

The company operates a defined contribution pension scheme for all qualifying employees. The assets of the scheme are held separately from those of the company in an independently administered fund.

Defined benefit schemes

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 31st March 2012 and of the LGPS 31st March 2016.

Contributions amounting to £22,968 (2019: £20,644) were payable to the TPS at 31st March and are included within creditors.

Total amount paid into the TPS and changed to the Statement of Comprehensive Income for the year was £180,830 (2019: £148,846).

Teachers' Pension Scheme

The Teachers' Pension Scheme (TPS or scheme) is a statutory, unfunded, defined benefit occupational scheme, governed by the Teachers' Pensions Regulations 2010 (as amended), and the Teachers' Pension Scheme Regulations 2014 (as amended). 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.

15 Retirement benefit schemes (Continued)

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 Public Service Pensions Act (2013) 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 – contributions from members, along with those made by employers, are credited to the Exchequer under arrangements governed by the above Acts.

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 valuation of the Teachers' Pension Scheme has now taken place, in line with directions issued by HM Treasury and using membership data as at 31 March 2016. As a result of this valuation TPS employers will pay an increased contribution rate of 23.68% from September 2019 (this includes the administration levy of 0.8%). The timing of the implementation is to align its introduction with employers' budget planning cycles. Prior to this, employers paid contributions of 16.48%.

A copy of the latest valuation report can be found on the Teachers' Pension Scheme website at the following location:

https://www.teacherspensions.co.uk/news/employers/2019/04/teachers-pensions-valuation-report.aspx

Scheme Changes

The arrangements for a reformed Teachers' Pension Scheme, in line with the recommendations made by Lord Hutton, in particular the introduction of a Career Average Revalued Earnings (CARE) scheme, were implemented from 1 April 2015.

In December 2018, the Court of Appeal held that transitional protection provisions contained in the reformed judicial and firefighter pension schemes, introduced as part of public service pension reforms in 2015, gave rise to direct age discrimination and were therefore unlawful. The Supreme Court, in a decision made in June 2019, have rejected the Government's application for permission to appeal the Court of Appeal's ruling. The case will now be referred to an Employment Tribunal for a decision regarding the remedy which will need to be offered to those members of the two schemes who were subject of the age discrimination.

HM Treasury are clear that the ruling has implications for the other public service schemes, including the Teachers' Pension Scheme. Those implications are currently being considered and any impact on scheme costs is expected to be looked at within the next scheme valuation, which is currently scheduled to be based on April 2020 data and implemented in April 2023.

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.

15 Retirement benefit schemes (Continued)

Local government pension scheme

The Company operates a Defined benefit pension scheme.

The pension cost and provision for the year ended 31 March 2020 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 2020 was £816,000 (2019: £802,000). The agreed contribution rate for future years is 15% and projected contributions for the year ended 31st March 2021 amounts to £742,000

In June 2019 the government lost a legal challenge, "the McCloud judgement". The Court ruled that transitional protections afforded to older members, when public service pension schemes were amended, constituted unlawful age discrimination. The Actuary has assessed the potential impact within the valuation which is considered to be £0.279m plus £0.018m for GMP indexation.

Key assumptions	**2020** **%**	**2019** **%**
Discount rate	2.4	2.5
Expected rate of increase of pensions in payment	2.2	2.3
Expected rate of salary increases	2	2
Inflation assumption (CPI)	2.1	2.2

Mortality assumptions Assumed life expectations on retirement at age 65:	**2020** **Years**	**2019** **Years**
Retiring today		
- Males	20.9	22.2
- Females	24.0	25
Retiring in 20 years		
- Males	22.5	25.2
- Females	25.9	27.9

Amounts recognised in the income statement	**2020** **£**	**2019** **£**
Current service cost	1,705,000	1,563,000
Net interest on defined benefit liability/(asset)	125,000	75,000
Other costs and income	323,000	26,000
Total costs	2,153,000	1,664,000

SCHOOL IMPROVEMENT LIVERPOOL LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2020

15 Retirement benefit schemes (Continued)

Amounts taken to other comprehensive income	2020 £	2019 £
Actual return on scheme assets	(49,000)	(1,277,000)
Less: calculated interest element	634,000	624,000
Return on scheme assets excluding interest income	585,000	(653,000)
Actuarial changes related to obligations	754,000	1,717,000
Total costs	1,339,000	1,064,000

The amounts included in the statement of financial position arising from the company's obligations in respect of defined benefit plans are as follows:

	2020 £	2019 £
Present value of defined benefit obligations	33,645,000	29,969,000
Fair value of plan assets	(25,868,000)	(24,868,000)
Deficit in scheme	7,777,000	5,101,000

Movements in the present value of defined benefit obligations	2020 £
Liabilities at 1 April 2019	29,969,000
Current service cost	1,705,000
Past service cost	297,000
Benefits paid	(229,000)
Contributions from scheme members	390,000
Actuarial gains and losses	754,000
Interest cost	759,000
At 31 March 2020	33,645,000

The defined benefit obligations arise from plans which are wholly or partly funded.

15 Retirement benefit schemes (Continued)

Movements in the fair value of plan assets	2020 £
Fair value of assets at 1 April 2019	24,868,000
Interest income	634,000
Return on plan assets (excluding amounts included in net interest)	(585,000)
Benefits paid	(229,000)
Contributions by the employer	816,000
Contributions by scheme members	390,000
Other	(26,000)
At 31 March 2020	25,868,000

The actual return on plan assets was £647,000 (2019: £1,277,000)

The analysis of the scheme assets at the reporting date were as follows:	2020 £	2019 £
Equity instruments	13,400,000	9,773,000
Property	2,432,000	1,890,000
Bonds	3,518,000	7,361,000
Cash	491,000	1,343,000
Other	6,027,000	4,501,000
	25,868,000	24,868,000

16 Share capital

Ordinary share capital	2020 Number	2019 Number	2020 £	2019 £
Issued and fully paid				
Ordinary share of £1 each	1	1	1	1

17 Reserves

Profit and loss reserves
Includes all current and prior periods retained profits and losses.

18 Cash (absorbed by)/generated from operations

	2020	2019
	£	£
Loss for the year after tax	(815,291)	(497,538)
Adjustments for:		
Taxation credited	(305,915)	(89,848)
Finance costs	125,000	75,000
Amortisation and impairment of intangible assets	4,678	4,679
Depreciation and impairment of tangible fixed assets	37,890	38,219
Pension scheme non-cash movement	1,212,000	787,000
Movements in working capital:		
Increase in debtors	(1,279,169)	(296,179)
Increase in creditors	763,455	499,231
Cash (absorbed by)/generated from operations	(257,352)	520,564

19 Analysis of changes in net funds

	1 April 2019	Cash flows	31 March 2020
	£	£	£
Cash at bank and in hand	2,150,015	(355,703)	1,794,312

20 Operating lease commitments

Lessee

At the reporting end date the company had outstanding commitments for future minimum lease payments under non-cancellable operating leases, which fall due as follows:

	2020	2019
	£	£
Within one year	46,500	16,100
Between one and five years	166,625	-
	213,125	16,100

21 Events after the reporting date

The COVID-19 pandemic has severely impacted on many local economies. The impact on the Company arising from the pandemic has been considered by the Board. There are no adjusting or non-adjusting events which have come to light at this time.

22 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 undertakings.

The individuals that are considered by the company to be key management personnel have received remuneration totalling £364,895 (2019: £388,324).

23 Ultimate controlling party

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

Liverpool City Council prepares consolidated financial statements which include School Improvement Liverpool Limited.