Financial Statements
School Improvement Liverpool Limited

For the year ended 31 March 2018

Registered number: 08867114

Company Information

Directors	Ms S Tia Mr M I Killen Mr S Reddy Councillor B Murrary
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 2018

Introduction

The Directors present their report together with the financial statements for the year ended 31 March 2018.

Welcome to School Improvement Liverpool Limited's (SIL's) Strategic Report for 2017/18. This report provides a commentary on SIL's reported financial position and business performance for the year ended 31 March 2018 and identifies planned 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 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.

The current School Improvement Liverpool offer includes the following school facing traded services:

- Core School Improvement
- Ethnic Minority and Achievement Service
- Looked After Children's Education Service
- Schools' HR
- Attendance and Welfare
- Schools' Health and Well-being team
- Schools' Parliament
- Children's University
- Schools' Finance
- Governor Support and Development
- Foreign Languages
- Safeguarding
- Inclusion/SEND
- Disclosure and Barring Service
- Education and Recruitment agency
- Accredited provider for National professional Qualifications
- Share NQT's services with 4 LA's

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.

Strategic report
For the Year Ended 31 March 2018

The benefits include:

- Improved value for money through a formal contractual relationship that incentivises services to improve.
- Efficiency savings, providing the City Council with a reduction in costs. Since 2014 SIL has provided the Council with circa £1m cash savings with another £0.3m to be generated by the end of summer 2020.
- SIL remains on target to meet one of its principle objectives to deliver tangible benefits to Liverpool schools by maintaining the cash freeze on the agreed financial contribution for combined services. By the end of the contract term, SIL will have achieved £0.450m saving to school budgets.
- 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.
- Flexibility to generate income through trading with the ability to make a profit. At the end of March 2018 SIL has retained profits of £0.711m. This has exceeded our original forecast of £0.52m for the same period.
- Retention of the vital function of School Improvement support services for the Council to meet its statutory obligations and service priorities.

SIL is now classified as a medium sized company under regulations 2008 due to the annual turnover and the number of staff employed. SIL has a reported turnover of £10.687m for 2017-18 which is an increase of 2% compared to the previous financial year.

The Directors of the company (as agreed by Full Council) during the year to 31 March 2018 and to the date of approval of these financial statements were:

Malik Killen	Chief Executive of SIL (Appointed – 1 April 2017)
Colette O'Brien	Director of Children Services (Resigned - 1 November 2017)
Steve Reddy	Director of Children Services (Appointed – 1 November 2017)
Councillor Nick Small	Assistant Mayor of Liverpool & Cabinet Member Schools & Education (Resigned – 23 May 2018)
Sandra Tai	SIL Client officer
Councillor Barbara Murrary	Assistant Mayor of Liverpool & Cabinet Member Schools & Education (Appointed – 24 May 2018)

Business Performance

SIL began trading with 137.4 (FTE) staff across the 11 broad service areas with running costs of circa £10m. This has now grown and is still growing with 226 staff on the payroll including sessional staff as at 9th March 2018 across 14 broad services. SIL's annual revenue has increased to circa £10.7m.

SIL is reporting a real growth in performance of £0.297m, however after adjustments for the impact of the pension liabilities and tax the position as per the Statement of Comprehensive Income is a reported loss for the financial year of £0.582m. This is in comparison to a reported loss of £0.218m in the previous financial year 2016-17. The increase is due to the significant re-measurement of the pension liabilities (current service costs) which has not been able to be absorbed within trading profit expectations. The real growth performance has exceeded the original business plan forecast by 3%. However, due to the known risks moving forward SIL has reviewed and updated its business plan focussing on the Company's continued development and future prospects with confirmation of future year's funding agreement between Schools, LCC and SIL. This is supported by a refreshed and more customer focused Marketing Strategy for the Company.

Annual turnover for the company increased in comparison to the previous financial year by 2% overall. SIL has seen an overall increase in turnover from annual service level agreements of 3% and pay as you go traded services of 6% compared to the previous financial period, this is due to a number of factors:

- The number of delegates attending all courses across the year improved by 12% - up to 13,371 across all sessions throughout April 17 – March 18.
- SIL were at 59% capacity for all training courses, up 2% year on year. Steps are being taken to improve this going forward, by ensuring that course capacity is accurately predicted and that SIL are only running the courses that we know are in demand from schools and settings.
- Launch of the Early Years basic skills quality mark has seen demand exceeding forecasted expectation.
- New products such as National Professional Qualifications.
- New training courses such as finance training for Business Managers and Head Teachers.
- SIL's recruitment agency whilst still making an overall loss has seen an increase in income compared to the previous financial period of 26%.

Whilst SIL has increased its turnover by 2%, there are still a number of products which have seen a reduction in turnover compared to the previous financial year:

- Toxteth Annexe external income has reduced by 37% - largely due to reduction in usage by Liverpool City Council.
- NQT training has reduced by 8% primarily due to competition from the Teaching Schools
- Reduction of 35% on the sale of resources. New resources such as Reading Reasoning resource packs to the market should yield an increase in 2018-19.
- EMTAS training decreased by 24%. EMTAS currently reviewing their offer to schools.

School Improvement Liverpool website

The previous School Improvement Liverpool website, www.ednet.co, was redesigned and relaunched in September 2017 as www.schoolimprovementliverpool.co.uk. The main purpose of the exercise was to make the website more user friendly, informative and easy to navigate. This in turn should encourage more SIL customers to use the website to access services and products and book on to the training courses that are available. The website can also act as a digital marketing tool which will allow SIL to increase brand awareness and to reach out to a wider potential customer base. Some key website statistics YOY (this data strips out referral traffic from LCC to the vacancies page):

- There has been a 16% increase in visitors to the website YOY, accounting for 11,000+ users.
- There has been a 21% increase in organic traffic (from google searches). This is due to an improved content strategy which has allowed the marketing team to improve the contact on key pages. This marketing channel is free of charges, so this will continue to be optimised.
- There has been a 10% increase in traffic directly to the School Improvement Liverpool website. This means that users are visiting us directly, indicating good brand awareness and repeat business.
- Mobile visits to the website have increased by 25%. This is due to the fact that the SIL website had been optimised to mobile devices, meaning that users can view the same information and complete the same processes on a mobile device as that they can on a desktop computer.

Strategic report
For the Year Ended 31 March 2018

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.

- Raise Standards across all phases moving Liverpool to the second quartile in the region.
- Establish SIL MAT(s) with up to 50 schools.
- Grow the customer base to 1000 active settings.
- Increase the range of services provided to Liverpool and other LAs.
- 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.

- 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 new SIL website ensuring it is flexible, responsive and capitalising on all web based activity.
- Bespoke marketing plan for the SIL Recruitment and Education Agency.
- Refresh of Toxteth Annexe – all courses/training delivered by SIL will be held where practically possible in Toxteth Annexe. This will have a positive impact on expenditure and grow SIL's customer base by raising awareness.
- Improve the use of management information including the development of improved customer engagement, data and impact analysis.

This investment will have a significant positive impact on future turnover and profitability for SIL if business plan expectations are met or exceeded.

The business plan has been developed to identify new methods of service delivery that will reduce the cost base and to identify opportunities for growth. This business plan identifies opportunities to improve profitability by, for example:

- Implementation of new pricing strategy from April 2018.
- Further reducing overheads from efficiency savings and adopting new methods of working.
- Increasing the use of flexible contracts and brokered services to schools.
- Reducing overlap in service provision and increasing the effectiveness of service delivery, including development of a single point of access (website development) for schools to improve the customer journey.
- Contract review with LCC and schools.

Strategic report
For the Year Ended 31 March 2018

The marketing plan will also look to opportunities to increase turnover by, for example:

- Expanding the range and nature of services offered to schools.
- Ability to increase trading by 4% by the end of 2020.
- Review product mix and diversification for some services.
- More actively marketing services outside of the LA, particularly to neighbouring boroughs, academies and free schools.
- Development of a Multi Academy Trust – The Three Graces
- Increasing SIL's digital presence by developing digital marketing channels such as social media, Search Engine Optimisation and email. This will assist in increasing brand awareness and increasing traffic back to the School Improvement Liverpool website.
- Development of the SIL website to allow greater analysis of activity and interaction with establishments and also improve user experience. This should allow SIL to demonstrate the value of their services and also improve the targeting of our products and services to new and existing users.
- Increasing digital materials e.g. brochures etc. This will allow SIL to be more reactive throughout the year taking account of feedback and demand from schools and settings about the services that are on offer. By creating digital brochures, amendments can be made throughout the year as well as new and exciting products and services getting added. The reduction in printing costs can be invested in other areas of the business.

Risk

Contract Agreement

SIL currently has a contractual relationship with LCC. The contract term is 5 years from November 2014 until 2019, with the possibility of extending for a further 36 months, providing services set out in accordance with the terms of the agreement. Since incorporation SIL has generated £0.485m saving to the city with a further £0.3m required over the next 2 financial years (equating to an 8% annual reduction) against the contractual agreement. It is no longer feasible for savings to be achieved just from growth, as staff capacity is now reaching maximum levels and will only be able to trade more if time is given back from services currently funded from LCC.

A recent report from the institute for fiscal studies warns the funding gap for local authorities will significantly increase once grant funding from government ceases in 2020. Councils will be expected to rely on council tax and business rates for their revenue. The report states after councils have committed funding for social care demands, funding for all other areas including children services would fall in real terms by 0.3% a year. This will place added pressure upon Liverpool who will need to prioritise spending. This could mean further contract reductions.

School Funding

The Secretary of State for Education announced in July 2017 that the proposed National Funding Formula (NFF) would be implemented. Firstly via a soft formula for 2 years and then a hard formula from 2020-21. The outcome of the NFF consultation is much more positive for Liverpool than first anticipated. Based on the summary level school information, if NFF methodology were to be implemented immediately, all Liverpool schools would now gain from the changes in line with government assurances. However, in the large majority of cases Liverpool, schools are only expected to gain the minimum increase of 0.5% in the first year and 1% once fully implemented. An increase of 0.5% per annum at a time when pay rises are likely to be increasing above the 1% public sector pay cap, still means Liverpool schools will be losing funding in real terms.

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For the Year Ended 31 March 2018

This presents significant risks to SIL and underlines the huge challenge ahead in ensuring that any reduction in the Contract Agreement can be met by increases in traded services. SIL wish to continue to grow increasing turnover by £1m and re-invest in the common good rather than cut services. Consideration will be given to new products being developed and product diversification to ensure we continue to provide high quality affordable services to schools and LAs.

Impact vs Cost analysis

In order for SIL to demonstrate the services offered are both cost effective 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. Which will help the company achieve its aim to move Liverpool into the second quartile in the Northwest by 2020/2021

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. The current service cost is outside the control of the company, however the projection for next year is slightly lower, providing a level of stability.

SIL used the assumptions adopted in the bespoke actuary report and comparing this to the assumptions adopted at the end of the previous year we have seen a reduction in accounting deficit to the fund of £2.4m. This was mostly due to SIL's adoption of the medium risk bucket from October 2017. The decision to convert from the high risk bucket was to provide some stability to SIL in relation to the significant fluctuations SIL has experienced over the last couple of years. This decision has been positive with SIL's liabilities reducing by £2.2m.

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 SIL is aware of its next 3-year contribution rate (15%), the current service costs set by the actuary is an estimate of the cost of providing the benefits earned over the year, based on assumptions at the start of year. The assumption at 31 March 2017 were much stronger than at 31 March 2016, therefore this placed a higher value on benefits earned which in turn produced an increase of £0.5m in the profit and loss account reducing SIL's operating profit.

Cash Sufficiency

SIL's business model is based upon the following revenue streams for the Financial Year 2017/18:

1. 45% (£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. Circa 31% (£3.4m) generated from Annual Service Level Agreements which schools pay annually in advance. 100% of Liverpool Schools buy back some form of SLA with SIL.

3. Circa 24% (£2.3m) generated from pay as you go traded services from all educational establishments from within Liverpool and outside the City boundaries. SIL has 675 current customers that buy services.

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For the Year Ended 31 March 2018

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 31 March 2018 being £1.7m. SIL's cash flow position has seen a net increase of cash during the year of £0.728m

Looking forward, and as stated above, turnover is projected to grow giving assurances as to the sustainability of the current 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 external borrowing and is a wholly owned company of Liverpool City Council.

This report was approved by the board on 5 October 2018 and signed on its behalf.

Mr M I Killen
Director

Directors' report
For the Year Ended 31 March 2018

The directors present their report and the financial statements for the year ended 31 March 2018.

Results and dividends

The loss for the year, after taxation, amounted to £581,650 (2017: loss of £218,102).

The directors did not recommend the payment of a dividend during the year or the prior year.

Directors

The directors who served during the year and to the date of approval of these financial statements were:

Mrs C O'Brien (resigned 1 November 2017)
Mr M I Killen (appointed 1 April 2017)
Mr N M Small (resigned 23 May 2018)
Ms S Tia
Mr S Reddy (appointed 1 November 2017)
Councillor B Murrary (appointed 24 May 2018)

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.

Directors' report
For the Year Ended 31 March 2018

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.

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 5/10/ 2018 and signed on its behalf.

Mr M I Killen
Director

Grant Thornton

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 2018 which comprise the Statement of comprehensive income, the Balance Sheet, the Statement of changes in equity, the Statement of cash flows 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 2018 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.

Who we are reporting to

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.

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.

Grant Thornton

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 annual report, 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 has 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 for the financial statements

As explained more fully in the directors' responsibilities statement set out on page 11, 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.

Grant Thornton

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

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: www.frc.org.uk/auditorsresponsibilities. This description forms part of our auditor's report.

Grant Thornton UK LLP

Emma Stoddart
Senior Statutory Auditor
for and on behalf of Grant Thornton UK LLP
Statutory Auditor, Chartered Accountants
Liverpool

18/10/2018

Statement of comprehensive income

For the Year Ended 31 March 2018

	Note	2018 £	2017 £
Turnover - continuing operations	4	**10,687,171**	10,518,678
Gross profit		**10,687,171**	10,518,678
Administrative expenses		**(9,677,564)**	(9,660,803)
Administrative expenses – defined benefit pension scheme		**(1,529,000)**	(1,015,000)
Operating loss - continuing operations		**(519,393)**	(157,125)
Interest payable and expenses	9	**(149,000)**	(100,000)
Loss before tax		**(668,393)**	(257,125)
Tax on loss	10	**86,743**	39,023
Loss for the financial year		**(581,650)**	(218,102)
Other comprehensive income for the year			
Actuarial gains/(losses) on defined benefit pension scheme	20	**3,937,000**	(2,595,000)
Movement in deferred tax asset relating to pension deficit	17	**(669,290)**	420,530
Other comprehensive income for the year		**3,267,710**	(2,174,470)
Total comprehensive income for the year		**2,686,060**	(2,392,572)

The notes on pages 20 to 38 form part of these financial statements

Balance sheet

As at 31 March 2017

	Note	2018 £	2018 £	2017 £	2017 £
Fixed assets					
Intangible assets	11		**9,357**		-
Tangible assets	12		**25,776**		-
			35,133		-
Current assets					
Debtors: amounts falling due after more than one year	13	**566,901**		1,082,971	
Debtors due within one year	13	**844,825**		1,281,492	
Cash at bank and in hand	14	**1,732,301**		1,004,518	
		3,144,027		3,368,981	
Creditors: amounts falling due within one year	15	**(1,670,227)**		(1,580,108)	
Net current assets			**1,473,800**		1,788,873
Total assets less current liabilities			**1,508,933**		1,788,873
Pension liability	20		**(3,175,000)**		(6,141,000)
Net liabilities			**(1,666,067)**		(4,352,127)
Capital and reserves					
Called up share capital	18		**1**		1
Profit and loss account	19		**(1,666,068)**		(4,352,128)
			(1,666,067)		(4,352,127)

The financial statements were approved and authorised for issue by the board and were signed on its behalf on 5 | 10 | 2018.

Mr M I Killen
Director

The notes on pages 20 to 38 form part of these financial statements

Statement of changes in equity
For the Year Ended 31 March 2018

	Called up share capital £	Profit and Loss account £	Total equity £
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 loss 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)**
Comprehensive income for the year			
Loss for the year	-	(581,650)	(581,650)
Actuarial gain on pension scheme	-	3,937,000	3,937,000
Deferred tax movements	-	(669,290)	(669,290)
Other comprehensive income for the year	-	3,267,710	3,267,710
Total comprehensive income for the year	-	2,686,060	2,686,060
Total transactions with owners	-	-	-
At 31 March 2018	**1**	**1,666,068**	**1,666,067**

The notes on pages 20 to 38 form part of these financial statements

Statement of cash flows

For the Year Ended 31 March 2018

	2018 £	2017 £
Cash flows from operating activities		
Loss for the financial year	**(581,650)**	(218,102)
Adjustment for:		
Taxation charge	**(86,743)**	(39,023)
Amortisation of intangible assets	**4,678**	-
Amortisation of tangible assets	**19,784**	-
Decrease/(increase) in debtors	**436,666**	(129,330)
Increase in creditors	**81,813**	46,324
Decrease in amounts owed to group undertakings	**(13,284)**	(73,442)
Defined benefit pension scheme expenses	**971,000**	435,000
Corporation tax (paid)	**(44,887)**	(113,702)
Net cash generated from/(used in) operating activities	**787,377**	(92,257)
Cash flow from investing activities		
Purchase of intangible assets	**(14,035)**	-
Purchase of tangible assets	**(45,560)**	-
Net cash used in investing activities	**(59,595)**	-
Cash flow from financing activities		
Receipts from share capital	**1**	-
Net cash generated from operating activities	**1**	-
Net increase/(decrease) in cash and cash equivalents	**727,783**	(92,257)
Cash and cash equivalents at beginning of year	**1,004,518**	1,096,775
Cash and cash equivalents at the end of the year	**1,732,301**	1,004,518
Cash and cash equivalents at the end of year comprise:		
Cash at bank and in hand	**1,732,301**	1,004,518

The notes on pages 20 to 38 form part of these financial statements

Notes to the financial statements
For the Year Ended 31 March 2018

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.

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

Notwithstanding 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 cash flow 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 20 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 recognised on delivery of the service.

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

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 2018

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 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 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 2018

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.

2.9 Intangible assets

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 three years.

2.10 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.

Notes to the financial statements
For the Year Ended 31 March 2018

2. Accounting policies (continued)

2.11 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 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 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 2018

2. Accounting policies (continued)

2.12 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.

2.13 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 2018

3. Judgements 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 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 20, 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 2018. Any differences between the figures derived from the roll forward approach and a full actuarial valuation would impact on the carrying amount of the pension liability.

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:

	2018 £	2017 £
Income	**10,687,171**	10,518,678

Analysis of turnover by country of destination:

United Kingdom	**10,687,171**	10,518,678

Notes to the financial statements
For the Year Ended 31 March 2018

5. Operating loss

The operating loss is stated after charging:

	2018 £	2017 £
Operating lease rentals - land and building	**27,600**	29,279
Defined benefit pension cost	**147,666**	158,613

6. Auditor's remuneration

	2018 £	2017 £
Fees payable to the Company's auditor for the audit of the Company's annual financial statements	**15,800**	17,350

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

	2018 £	2017 £
Taxation compliance services	**-**	3,500
All other services	**2,150**	11,131
	2,150	14,631

7. Employees

Staff costs, including directors' remuneration were as follows:

	2018 £	2017 £
Wages and salaries	**6,237,694**	6,134,805
Social security costs	**624,422**	625,466
Cost of defined benefit scheme	**1,700,666**	1,196,613
	8,562,782	7,956,884

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

	2018 No.	2017 No.
Employees	170	164

Notes to the financial statements

For the Year Ended 31 March 2018

8. Directors' remuneration

	2018	2017
	£	£
Directors' emoluments	**82,000**	79,356

During the year retirement benefits were accruing to 1 director (2017: 1) in respect of the defined benefit pension scheme. Contributions paid during the year amount to £12,628 (2017: £13,078).

9. Interest payable and similar charges

	2018	2017
	£	£
Net interest on defined benefit liability	**149,000**	100,000

10. Taxation

	2018	2017
	£	£
Corporation tax		
Current tax on losses for the year	**65,980**	44,390
Adjustments in respect of previous periods	**497**	-
Total current tax	**66,477**	44,390
Deferred tax		
Origination and reversal of timing differences	**11,850**	(19,773)
On pension scheme deficit	**(165,070)**	(63,640)
Total deferred tax	**(153,220)**	(83,413)
Tax on loss on ordinary activities	**(86,743)**	(39,023)

Notes to the financial statements
For the Year Ended 31 March 2018

10. Taxation (continued)

Factors affecting tax charge for the year

The tax assessed for the year is higher than (2017: higher than) the standard rate of corporation tax in the UK of 19% (2017: 20%). The differences are explained below:

	2018	2017
	£	£
Loss on ordinary activities before tax	**(668,393)**	(257,125)
Loss on ordinary activities multiplied by standard rate of corporation tax in the UK of 19% (2017: 20%)	**(126,995)**	(51,425)
Effects of:		
Expenses not deductible for tax purposes	**192,985**	95,815
Other differences leading to an increase/(decrease) in the tax charge	**11,840**	(19,773)
Deferred tax on pension scheme deficit	**(165,070)**	(63,640)
Adjustment in respect of previous years	**497**	-
Total tax charge for the year	**(86,743)**	(39,023)

The aggregate current and deferred tax relating to items that are recognised as items of other comprehensive income are debits of £669,290 (2017: credits of £420,530).

Factors that may affect future tax charges

During the year the UK corporation tax rate was decreased to 19% from 1 April 2017. Following budget 2016 announcements the rate will fall to 17% in 2020.

11. Intangible assets

	Software
	£
Cost	
At 1 April 2017	-
Additions	14,035
At 31 March 2018	14,035
Amortisation	
At 1 April 2017	-
Charge for the year	4,678
At 31 March 2018	4,678
Net book value	
At 31 March 2018	**9,357**
At 31 March 2017	-

Notes to the financial statements
For the Year Ended 31 March 2018

12. Tangible fixed assets

	Computer equipment £
Cost	
At 1 April 2017	-
Additions	45,560
At 31 March 2018	45,560
Amortisation	
At 1 April 2017	-
Charge for the year	19,784
At 31 March 2018	19,784
Net book value	
At 31 March 2018	**25,776**
At 31 March 2017	-

13. Debtors

Due after more than one year	**2018 £**	2017 £
Deferred taxation (note 17)	**566,901**	1,082,971

Due within one year	**2018 £**	2017 £
Trade debtors	**673,788**	1,106,825
Amounts owed by group undertaking	**50,527**	140,105
Called up share capital not paid	**-**	1
Prepayments and accrued income	**120,510**	34,561
	844,825	1,281,492

An impairment loss of £130,424 (2017: £177,312) was recognised against trade debtors.

14. Cash and cash equivalents

	2018 £	2017 £
Cash at bank and in hand	**1,732,301**	1,004,518

Notes to the financial statements

For the Year Ended 31 March 2018

15. Creditors: Amounts falling due within one year

	2018	2017
	£	£
Trade creditors	**744,778**	640,612
Amounts owed to group undertaking	**282,567**	295,851
Corporation tax	**65,980**	44,390
Other taxation and social security	**332,532**	329,682
Other creditors	**114,405**	109,628
Accruals and deferred income	**129,965**	159,945
	1,670,227	1,580,108

16. Financial instruments

	2018	2017
Financial assets	£	£
Financial assets that are debt instruments measured at amortised cost	**2,456,616**	2,251,448

	2018	2017
Financial liabilities	£	£
Financial liabilities measured at amortised cost	**(1,271,715)**	(1,206,036)

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.

17. Deferred taxation

	2018 £	2017 £
At beginning of year	**1,082,971**	579,028
Charged to profit or loss	**153,220**	83,413
Charged to other comprehensive income	**(669,290)**	420,530
At end of year	**566,901**	1,082,971

The deferred tax asset is made up as follows:

	2018 £	2017 £
Accelerated capital allowances	**27,151**	39,001
On defined benefit pension scheme	**539,750**	1,043,970
	566,901	1,082,971

18. Share capital

	2018 £	2017 £
Shares classified as equity		
Allotted, called up and fully paid		
1 Ordinary share of £1	**1**	1

19. 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 2018

20. 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 £20,655 (2017: £109,628) 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 £147,666 (2017: £625,466).

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.

Notes to the financial statements

For the Year Ended 31 March 2018

20. Pension commitments (continued)

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 together with the notional investments held at the valuation date) of £176,600 million giving a notional past service deficit of £14,900 million;
- an employer cost cap of 10.9% of pensionable pay;
- the assumed real rate of return is 3.0% in excess of prices and 2% in excess of earnings. The rate of real earnings growth is assumed to be 2.75%. The assumed nominal rate of return is 5.06%.

The 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.

Notes to the financial statements
For the Year Ended 31 March 2018

20. Pension commitments (continued)

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 2018 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 2018 was £731,000 (2017: £703,000). The agreed contribution rate for future years is 15%.

Reconciliation of present value of plan liabilities:

	2018	2017
	£	£
At the beginning of the year	**27,102,000**	19,493,000
Current service cost	**1,529,000**	1,015,000
Interest on pension liabilities	**707,000**	706,000
Actuarial (gains)/losses	**(3,790,000)**	5,686,000
Member contributions	**349,000**	336,000
Past service cost	**-**	-
Benefits paid	**(85,000)**	(134,000)
At the end of the year	**25,812,000**	27,102,000

Notes to the financial statements

For the Year Ended 31 March 2018

20. Pension commitments (continued)

Reconciliation of fair value of scheme assets	**2018** **£**	2017 £
At the beginning of the year	**20,961,000**	16,382,000
Administration expenses	**(24,000)**	(23,000)
Interest cost	**558,000**	606,000
Actuarial gains	**147,000**	3,091,000
Contributions by employer	**731,000**	703,000
Benefits paid	**(85,000)**	(134,000)
Members contributions	**349,000**	336,000
At the end of the year	**22,637,000**	20,961,000

Composition of plan assets	**2018** **£**	2017 £
Equities	**9,553,000**	11,235,000
Bonds	**6,791,000**	3,228,000
Cash	**1,132,000**	713,000
Property	**1,607,000**	1,635,000
Other	**3,554,000**	4,150,000
Total plan assets	**22,637,000**	20,961,000

Amounts recognised in Balance Sheet	**2018** **£**	2017 £
Fair value of plan assets	**22,637,000**	20,961,000
Present value of plan liabilities	**(25,812,000)**	(27,102,000)
Net pension scheme liability	**(3,175,000)**	(6,141,000)

Notes to the financial statements
For the Year Ended 31 March 2018

20. Pension commitments (continued)

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

	2018	2017
Profit or loss	**£**	£
Interest on obligation	**(707,000)**	(706,000)
Interest income	**558,000**	606,000
Current service cost	**1,529,000**	1,015,000
Total finance costs	**1,380,000**	915,000

	2018	2017
	£	£
Other comprehensive income		
Actuarial gains on plan assets	**147,000**	3,091,000
Actuarial gains/(losses) on plan liabilities	**3,790,000**	(5,686,000)
Total actuarial gains/(losses)	**3,937,000**	(2,595,000)

The cumulative amount of actuarial gains and losses recognised in the Statement of comprehensive income was losses of £1,182,000 (2017: losses of £5,119,000). The actual return on plan assets for the year was £705,000 (2017: £3,501k).

The Company expects to contribute £721,000 (2017: £692,000) to its Defined benefit pension scheme in 2018.

Notes to the financial statements

For the Year Ended 31 March 2018

20. Pension commitments (continued)

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

	2018 %	2017 %
Discount rate	**2.7**	2.6
Future salary increase	**2.0**	3.8
Inflation assumption (CPI)	**2.1**	2.3
Increase in pensions in payment/deferment	**2.2**	2.3
Mortality rates:		
- for a male aged 65 now	**22.0**	21.9
- at 65 for a male aged 45 now	**25.0**	24.9
- for a female aged 65 now	**24.8**	24.7
- at 65 for a female member aged 45 now	**27.8**	27.7

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

Defined benefit pension schemes	2018 £	2017 £	2016 £
Defined benefit obligation	**(25,812,000)**	(27,102,000)	(19,493,000)
Scheme assets	**22,637,000**	20,961,000	16,382,000
Deficit	**(3,175,000)**	(6,141,000)	(3,111,000)
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 2018

21. Commitments under operating leases

At 31 March 2018 the Company had future minimum lease payments under non-cancellable operating leases as follows:

	2018	2017
	£	£
Not later than 1 year	27,600	27,600
Later than 1 year and not later than 5 years	16,100	43,700
	43,700	71,300

There were no commitments under operating leases after 5 years.

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 £377,881 (2017: £499,692).

23. Controlling party

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