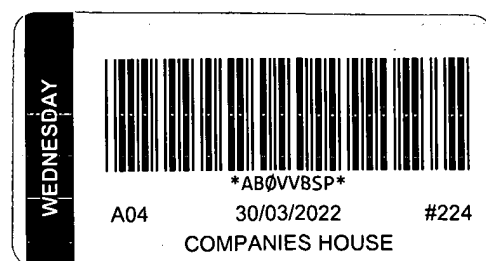


Company Registration No. 08867114 (England and Wales)

SCHOOL IMPROVEMENT LIVERPOOL LIMITED
REPORT AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED
31 MARCH 2021



SCHOOL IMPROVEMENT LIVERPOOL LIMITED

COMPANY INFORMATION

Directors	Mr S Reddy Mr C Lomas Mrs C Slinger
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 1 Temple Row Birmingham B2 5LG

SCHOOL IMPROVEMENT LIVERPOOL LIMITED

STRATEGIC REPORT

FOR THE YEAR ENDED 31 MARCH 2021

The directors present the strategic report for the year ended 31 March 2021.

1. Introduction

Welcome to School Improvement Liverpool Limited's (SIL's) Strategic Report for 2020/21. This report provides a commentary on SIL's reported financial position and business performance for the year ended 31st March 2021 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 2021. Suitable accounting policies have been established and applied consistently having consideration to updates within the financial regulation standards. The directors have also noted that the Covid 19 pandemic has been a significant challenge to the resilience of the company and its business continuity which has enabled SIL to mitigate the financial impact of the pandemic.

SIL is a wholly owned company of Liverpool City Council with no other shareholders. SIL has a reported turnover of £10.2m (2020: £10.9m) for 2020-2021 which is a decrease of 7% compared to the previous financial year mainly due to the closure of Liverpool Swimming pools which severely impacted on the Swimming SLA. SIL employed 165 FTE (full time equivalents) (excluding Supply agency staff) as at 31st March 2021. This is a decrease of 9 employees compared to 1st April 2020.

The Directors of the company during the year to 31st March 2021 were:

Steve Reddy	Director of Children Services
Councillor B. Murrery	Cabinet Member Schools & Education
Jonathan Jones	Director of School Improvement Liverpool

Resignations after 31st March 2021:

Councillor B. Murrery	Cabinet Member Schools & Education (resigned 4 April 2021)
Jonathan Jones	Director of School Improvement Liverpool (resigned 31 October 2021)

Appointments after 31st March 2021:

Christopher I Lomas	Director of School Improvement Liverpool (appointed 19 October 2021)
Claire Slinger	Director of School Improvement Liverpool (appointed 19 October 2021)

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. The company employs 165 staff excluding supply staff as at 31st March 2021. SIL's annual revenue has decreased to circa £10.2m. The performance of the company was resilient and showed a significant effort by staff and managers to change services and products to on-line in the face of the Covid 19 pandemic. The revenue expenditure declined with reductions in travel expenses, use of associated and material costs. Over, SIL has seen a decrease in trading compared to the previous year of 7%.

The position as per the Statement of Comprehensive Income is a reported loss for the financial year of £0.906m. This is in comparison to a reported loss of £0.815m in the previous year 2019-20. This reflects the impact of the pension liabilities detailed in section 4 of this report.

SCHOOL IMPROVEMENT LIVERPOOL LIMITED

STRATEGIC REPORT (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2021

3. Future Developments

SIL has set a number of strategic targets to be achieved by the summer of 2022 to ensure the company is fit for purpose. These are currently being reviewed to ensure alignment with the aims of the Liverpool City Council Education Improvement Plan.

- 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.

- Build on the success of SIL's recovery plan from COVID 19 which saw gains in reach from the online presence, well received 'catch-up' resources and securing funding for key roles from public health
- Supporting the LCC Education Improvement Plan.
- Improvements to SIL's Marketing strategy, using data and information more strategically, helping to develop and increase the range of services offered.
- Review, updating and further development of the SIL website ensuring it is flexible, responsive and capitalising on all web-based activity.
- Expand the SIL supply agency.
- 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.

SCHOOL IMPROVEMENT LIVERPOOL LIMITED

STRATEGIC REPORT (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2021

4. Risk

FLU Pandemic – COVID-19

During the financial year April 2020 to March 2021 SIL continued to follow government guidance to work from home where possible. The company moved almost all of the training and conferences to an on-line offer and began to reintroduce face to face (risk assessed) in school support and class teaching.

The operational income assumptions are based on continued successful on-line delivery of services to schools and a growing return to face to face services. Any downturn in revenue would be matched by a decrease in costs particularly related to the use of associates, office materials and travel expenses. The operational surplus for 2021-22 is estimated to be £0.022m. This excludes any changes to the pension liability.

Cashflow risk has been mitigated by advance invoicing of the management agreement.

Historic Commitment funding – Universal offer

The central school historic commitment funding will continue to fund all local authorities for their ongoing responsibilities. However, from 2020/21 there was a cumulative annual reduction of 20%. The impact of any reduction has been built into the revenue forecasts and forms part of our going concern statement.

Value for money

In order for SIL to demonstrate the services offered are value for money and can maximise impact on the quality of curriculum and teaching and learning and subsequently on improving 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.

The impact of cancelled public examinations and testing of children and young people and the adoption of teacher assessed grades is being reviewed in terms of its effect on these data sets.

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.

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 a significant increase in the accounting deficit to the fund of £6.0m leading to an overall pension deficit of £13.8m. This is based on the salary assumption increasing in line with LCC, together with a fall in the discount rate and increase in inflation assumptions. A further impact is due to the change in demographic assumptions following incorporation of the 2019 valuation of the Fund.

SCHOOL IMPROVEMENT LIVERPOOL LIMITED

STRATEGIC REPORT (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2021

5. Cash Sufficiency

SIL's business model is based upon the following revenue streams for the Financial Year 2020/2021:

- 44% (£4.5m) generated from LCC Management Services Agreement which ends in October 2022. The contract is paid quarterly in advance and increased annually in line with the Public Sector Pay Award.
- Circa 31% (£3.1m) 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 25% (£2.6m) generated from pay as you go traded services from all educational establishments from within Liverpool and outside the City boundaries. SIL has in excess of 700 current customers.

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 2021 being £2.3m. SIL's cash flow position has seen a net increase of cash of £0.5m.

Having formed an opinion at the time of approving these accounts it is the intention of the directors to continue to support the company with the profits earned and retained within the company being sufficient to ensure the company has adequate resources to continue existing trading policies and the directors have adopted a going concern basis in preparing the accounts.

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

On behalf of the board

S Reddy

.....
Mr S Reddy

Director

Date: 25/3/2022
.....

SCHOOL IMPROVEMENT LIVERPOOL LIMITED

DIRECTORS' REPORT

FOR THE YEAR ENDED 31 MARCH 2021

The directors present their annual report and financial statements for the year ended 31 March 2021.

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 Murrery	(Resigned 4 April 2021)
Mr S Reddy	
Ms S Tia	(Resigned 29 April 2020)
Mr J Jones	(Resigned 31 October 2021)
Mr C Lomas	(Appointed 19 October 2021)
Mrs C Slinger	(Appointed 19 October 2021)

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.

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.

Strategic report

The company has chosen in accordance with Companies Act 2006, s. 414C(11) to set out in the company's strategic report information required by Large and Medium-sized Companies and Groups (Accounts and Reports) Regulations 2008, Sch. 7 to be contained in the directors' report. It has done so in respect of future developments.

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

S Reddy

Mr S Reddy
Director

25/3/2022
Date:

SCHOOL IMPROVEMENT LIVERPOOL LIMITED

DIRECTORS' RESPONSIBILITIES STATEMENT

FOR THE YEAR ENDED 31 MARCH 2021

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 2021, 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 2021 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.

Conclusions relating to going concern

We are responsible for concluding on the appropriateness of the directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify the auditor's opinion. Our conclusions are based on the audit evidence obtained up to the date of our report. However, future events or conditions may cause the company to cease to continue as a going concern.

In our evaluation of the directors' conclusions, we considered the inherent risks associated with the company's business model including effects arising from macro-economic uncertainties such as Brexit and Covid-19, we assessed and challenged the reasonableness of estimates made by the directors and the related disclosures and analysed how those risks might affect the company's financial resources or ability to continue operations over the going concern period.

Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the company's ability to continue as a going concern for a period of at least twelve months from when the financial statements are authorised for issue.

In auditing the financial statements, we have concluded that the directors' use of the going concern basis of accounting in the preparation of the financial statements is appropriate.

The responsibilities of the directors with respect to going concern are described in the 'Responsibilities of directors for the financial statements' section of this report.

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 for the financial statements

As explained more fully in the directors' responsibilities statement, 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.

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

Explanation as to what extent the audit was considered capable of detecting irregularities, including fraud

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above, to detect material misstatements in respect of irregularities, including fraud. Owing to the inherent limitations of an audit, there is an unavoidable risk that material misstatements in the financial statements may not be detected, even though the audit is properly planned and performed in accordance with the ISAs (UK).

The extent to which our procedures are capable of detecting irregularities, including fraud is detailed below:

- We obtained an understanding of the legal and regulatory frameworks applicable to the company and the industry in which it operates and determined which may influence the financial statements.

We determined that the following laws and regulations are the most significant which are directly relevant to specific assertions in the financial statements:

- Those that relate to reporting frameworks being FRS102 and the Companies Act 2006 and the relevant tax compliance regulations.
- Those that relate to the operational activities of the company in respect of the provision of services to Schools including Health and Safety requirements and data protection.
- We assessed the susceptibility of the company's financial statements to material misstatements, including how fraud might occur. We performed the following audit procedures to address the risks related to irregularities and fraud:
 - evaluation of the processes and controls in place to address the risks related to irregularities and fraud;
 - challenge of the assumptions and judgements made by management in its significant accounting estimates;
 - review and testing of journal entries, relating to management estimates and journal entries impacting the reported result for the year;
 - consideration of the potential for fraud in revenue recognition;
 - identifying and testing related party transactions.
- We enquired of management whether there was any awareness of instances of non-compliance with laws and regulations or whether they had any knowledge of actual or suspected fraud.
- In assessing the potential risks of material misstatement, we obtained an understanding of the company's operations, the applicable statutory provisions and business risks that may result in risk of material misstatement, and the company's control environment, including the adequacy of procedures for authorisation of transactions.
- These audit procedures were designed to provide reasonable assurance that the financial statements were free from fraud or error. The risk of not detecting a material misstatement due to fraud is higher than the risk of not detecting one resulting from error and detecting irregularities that result from fraud is inherently more difficult than detecting those that result from error, as fraud may involve collusion, deliberate concealment, forgery or intentional misrepresentations. Also, the further removed non-compliance with laws and regulations is from events and transactions reflected in the financial statements, the less likely we would become aware of it;
- The engagement team's experience with similar engagements, their understanding and knowledge of the company's industry and their understanding of the industry and regulatory requirements were considered in assessing the appropriateness of the collective competence and capabilities of the engagement team.

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

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
25/3/2022
.....

SCHOOL IMPROVEMENT LIVERPOOL LIMITED

STATEMENT OF COMPREHENSIVE INCOME FOR THE YEAR ENDED 31 MARCH 2021

	Notes	2021 £	2020 £
Turnover	3	10,225,513	10,915,653
Cost of sales		(8,041,904)	(8,871,222)
Gross profit		2,183,609	2,044,431
Administrative expenses		(1,310,541)	(1,309,637)
Administrative expense- Defined benefit pension scheme		(1,602,000)	(1,731,000)
Operating loss	6	(728,932)	(996,206)
Interest payable and similar expenses	8	(175,000)	(125,000)
Loss before taxation		(903,932)	(1,121,206)
Tax on loss	9	(2,455)	305,915
Loss for the financial year		(906,387)	(815,291)
Other comprehensive income net of taxation			
Actuarial loss on defined benefit pension schemes		(5,094,000)	(1,339,000)
Tax relating to other comprehensive income		-	254,410
Total comprehensive income for the year		(6,000,387)	(1,899,881)

SCHOOL IMPROVEMENT LIVERPOOL LIMITED**STATEMENT OF FINANCIAL POSITION****AS AT 31 MARCH 2021**

	Notes	2021 £	£	2020 £	£
Fixed assets					
Tangible assets	11		13,381		26,803
Current assets					
Debtors falling due after more than one year	12	1,493,410		1,496,835	
Debtors falling due within one year	12	2,165,136		2,420,173	
Cash at bank and in hand	19	2,261,926		1,794,312	
		<u>5,920,472</u>		<u>5,711,320</u>	
Creditors: amounts falling due within one year	13	<u>(3,105,846)</u>		<u>(2,907,729)</u>	
Net current assets			<u>2,814,626</u>		<u>2,803,591</u>
Total assets less current liabilities			<u>2,828,007</u>		<u>2,830,394</u>
Net assets excluding pension liability			<u>2,828,007</u>		<u>2,830,394</u>
Defined benefit pension liability	15		<u>(13,775,000)</u>		<u>(7,777,000)</u>
Net liabilities			<u><u>(10,946,993)</u></u>		<u><u>(4,946,606)</u></u>
Capital and reserves					
Called up share capital	16		1		1
Profit and loss reserves	17		<u>(10,946,994)</u>		<u>(4,946,607)</u>
Total equity			<u><u>(10,946,993)</u></u>		<u><u>(4,946,606)</u></u>

The financial statements were approved by the board of directors and authorised for issue on 25/3/2022
and are signed on its behalf by:

S Reddy
.....
Mr S Reddy
Director

SCHOOL IMPROVEMENT LIVERPOOL LIMITED

STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 31 MARCH 2021

	Share capital £	Profit and loss reserves £	Total £
Balance at 1 April 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)
Year ended 31 March 2021:			
Loss for the year	-	(906,387)	(906,387)
Other comprehensive income net of taxation:			
Actuarial losses on defined benefit plans	-	(5,094,000)	(5,094,000)
Total comprehensive income for the year	-	(6,000,387)	(6,000,387)
Balance at 31 March 2021	1	(10,946,994)	(10,946,993)

SCHOOL IMPROVEMENT LIVERPOOL LIMITED

STATEMENT OF CASH FLOWS FOR THE YEAR ENDED 31 MARCH 2021

	Notes	2021 £	£	2020 £	£
Cash flows from operating activities					
Cash generated from/(absorbed by) operations	18	508,410		(257,352)	
Income taxes paid		(40,796)		(58,085)	
Net cash inflow/(outflow) from operating activities		467,614		(315,437)	
Investing activities					
Purchase of tangible fixed assets		-		(40,266)	
Net cash used in investing activities			-	(40,266)	
Net increase/(decrease) in cash and cash equivalents		467,614		(355,703)	
Cash and cash equivalents at beginning of year		1,794,312		2,150,015	
Cash and cash equivalents at end of year		2,261,926		1,794,312	

SCHOOL IMPROVEMENT LIVERPOOL LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2021

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

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 have considered cash flow projections and forecasts through to 31 March 2023, 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.

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. In addition, LCC have also provided confirmation to the directors that they will continue to provide the facility to the company as required for the period until at least 31 March 2023.

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.

SCHOOL IMPROVEMENT LIVERPOOL LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 MARCH 2021

1 Accounting policies (Continued)

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
----------	-----------

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
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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.

SCHOOL IMPROVEMENT LIVERPOOL LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 MARCH 2021

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 Statement of Financial Position 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.

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.

SCHOOL IMPROVEMENT LIVERPOOL LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 MARCH 2021

1 Accounting policies (Continued)

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.

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.

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 Statement of Financial Position 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.

SCHOOL IMPROVEMENT LIVERPOOL LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 MARCH 2021

1 Accounting policies (Continued)

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.

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'.

SCHOOL IMPROVEMENT LIVERPOOL LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 MARCH 2021

1 Accounting policies (Continued)

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 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

Defined benefit pension scheme liability (estimate)

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 2019 has been used by the actuary in valuing the pensions liability at 31 March 2021. 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 (estimate)

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 estimation given the length of time the liability will take to settle and the assessment that the company will be profitable in the future.

3 Turnover and other revenue

	2021 £	2020 £
Turnover analysed by class of business		
Income from the provision of services to schools	10,225,513	10,915,653
	<u>10,225,513</u>	<u>10,915,653</u>
Turnover analysed by geographical market		
United Kingdom	10,225,513	10,915,653
	<u>10,225,513</u>	<u>10,915,653</u>

SCHOOL IMPROVEMENT LIVERPOOL LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 MARCH 2021

4 Employees

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

	2021 Number	2020 Number
Employees	165	176

Their aggregate remuneration comprised:

	2021 £	2020 £
Wages and salaries	6,934,589	6,793,344
Social security costs	658,545	668,531
Pension contributions	1,096,519	993,682
Charge in respect of defined benefit pension scheme	717,913	1,183,585
	9,407,566	9,639,142

5 Directors' remuneration

	2021 £	2020 £
Remuneration for qualifying services	94,896	9,897

The number of directors for whom retirement benefits are accruing under defined benefit schemes amounted to 1 (2020 - 1).

Pension contributions paid during the year amounted to £16,227 (2020: £1,524).

The remuneration of the Director as stated above has been paid by the company. However, a reimbursement of £48,446 has been made by LCC as part of the Management Agreement.

6 Operating loss

	2021 £	2020 £
Operating loss for the year is stated after charging:		
Depreciation of owned tangible fixed assets	13,422	37,890
Amortisation of intangible assets	-	4,678
Operating lease charges	46,500	35,279

SCHOOL IMPROVEMENT LIVERPOOL LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 MARCH 2021

7 Auditor's remuneration

	2021 £	2020 £
Fees payable to the company's auditor and its associates:		
For audit services		
Audit of the financial statements of the company	27,750	24,500
For other services		
All other non-audit services	1,545	1,500

8 Interest payable and similar expenses

	2021 £	2020 £
Other finance costs:		
Net interest on the net defined benefit liability	175,000	125,000

9 Taxation

	2021 £	2020 £
Current tax		
UK corporation tax on losses for the current period	-	40,796
Adjustments in respect of prior periods	(970)	-
Total current tax	(970)	40,796
Deferred tax		
Origination and reversal of timing differences	3,425	9,339
Other adjustments	-	(356,050)
Total deferred tax	3,425	(346,711)
Total tax charge/(credit)	2,455	(305,915)

SCHOOL IMPROVEMENT LIVERPOOL LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 MARCH 2021

9 Taxation (Continued)

The total tax charge/(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:

	2021 £	2020 £
Loss before taxation	(903,932)	(1,121,206)
Expected tax credit based on the standard rate of corporation tax in the UK of 19.00% (2020: 19.00%)	(171,747)	(213,029)
Tax effect of expenses that are not deductible in determining taxable profit	171,829	320,705
Tax effect of income not taxable in determining taxable profit	(39)	-
Adjustments in respect of prior years	(970)	-
Other differences leading to an (decrease)/increase in the tax charge	-	9,339
Deferred tax on pension scheme deficit	-	(356,050)
Effect of change in deferred tax rate	-	(66,880)
Fixed asset differences	1,546	-
Losses carried back	1,836	-
Taxation charge/(credit) for the year	2,455	(305,915)

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

	2021 £	2020 £
Deferred tax arising on:		
Actuarial differences recognised as other comprehensive income	-	(254,410)

Factors that may affect future tax charges

In the Spring Budget 2021, the Government announced that from 1 April 2023 the corporation tax rate will increase to 25%. Since the proposal to increase the rate to 25% had not been substantively enacted at the balance sheet date, its effects are not included in these financial statements. A change in rate from 19% to 25% would result in an increase in the deferred tax asset by £472k. In addition, there is a further deferred tax asset amounting to £1,139,620 in respect of the defined benefit pension scheme that the directors have not recognised due to insufficient probability the assets will be recovered. The directors believe at this time it would not be appropriate to recognise this increase due to uncertainty over whether this asset can be utilised in the future.

SCHOOL IMPROVEMENT LIVERPOOL LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 MARCH 2021

10 Intangible fixed assets

Software
£

Cost

At 1 April 2020 and 31 March 2021

14,035

Amortisation and impairment

At 1 April 2020 and 31 March 2021

14,035

Carrying amount

At 31 March 2021

-

At 31 March 2020

-

11 Tangible fixed assets

Computer
equipment
£

Cost

At 1 April 2020 and 31 March 2021

122,696

Depreciation and impairment

At 1 April 2020

95,893

Depreciation charged in the year

13,422

At 31 March 2021

109,315

Carrying amount

At 31 March 2021

13,381

At 31 March 2020

26,803

12 Debtors

	2021 £	2020 £
Amounts falling due within one year:		
Trade debtors	423,251	657,859
Corporation tax recoverable	970	-
Amounts owed by group undertakings	1,612,252	1,634,169
Other debtors	11,087	-
Prepayments and accrued income	117,576	128,145
	<u>2,165,136</u>	<u>2,420,173</u>

SCHOOL IMPROVEMENT LIVERPOOL LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 MARCH 2021

12 Debtors (Continued)

	2021 £	2020 £
Amounts falling due after more than one year:		
Deferred tax asset (note 14)	1,493,410	1,496,835
	<u> </u>	<u> </u>
Total debtors	<u>3,658,546</u>	<u>3,917,008</u>

An impairment loss of £1,681 (2020: £26,435) was recognised against trade debtors.

13 Creditors: amounts falling due within one year

	2021 £	2020 £
Trade creditors	557,508	606,515
Amounts owed to group undertakings	1,654,891	1,477,611
Corporation tax	-	40,796
Other taxation and social security	505,511	498,934
Other creditors	98,480	121,864
Accruals and deferred income	289,456	162,009
	<u> </u>	<u> </u>
	<u>3,105,846</u>	<u>2,907,729</u>

14 Deferred taxation

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

	Assets 2021 £	Assets 2020 £
Balances:		
Accelerated capital allowances	(1,605)	19,205
Retirement benefit obligations	1,477,630	1,477,630
Short term timing differences	17,385	-
	<u> </u>	<u> </u>
	<u>1,493,410</u>	<u>1,496,835</u>

	2021 £
Movements in the year:	
Asset at 1 April 2020	(1,496,835)
Charge to profit or loss	3,425
	<u> </u>
Asset at 31 March 2021	<u>(1,493,410)</u>

SCHOOL IMPROVEMENT LIVERPOOL LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 MARCH 2021

14 Deferred taxation (Continued)

The deferred tax asset at 31 March 2021 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 11 years as tax relief begins to be claimed again from 2022 on contributions paid into the scheme. The total deferred tax asset available to be recognised in respect of the deferred tax asset amounts to £2,617,250 at 31 March 2021. The directors have chosen not to recognise £1,139,620 due to uncertainty over whether this asset can be utilised in the future.

15 Retirement benefit schemes

	2021	2020
	£	£
Defined contribution schemes		
Charge to profit or loss in respect of defined contribution schemes	212,432	446,267

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 31 March 2012 and of the LGPS 31 March 2019.

Contributions amounting to £21,384 (2020: £22,968) were payable to the TPS at 31 March and are included within creditors.

Total amount paid into the TPS and charged to the Statement of Comprehensive Income for the year was £179,432 (2020: £180,830).

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.

SCHOOL IMPROVEMENT LIVERPOOL LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 MARCH 2021

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 2020. 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.

SCHOOL IMPROVEMENT LIVERPOOL LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 MARCH 2021

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 2021 are based on the advice of a professionally qualified actuary. The most recent full actuarial valuation is dated 31 March 2019. 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 2021 was £906,000 (2020: £816,000). The agreed contribution rate for future years is 17.1% and projected contributions for the year ended 31 March 2022 amounts to £735,000.

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.

	2021	2020
	%	%
<i>Key assumptions</i>		
Discount rate	2.1	2.4
Expected rate of increase of pensions in payment	2.8	2.2
Expected rate of salary increases	4.2	2
Inflation assumption (CPI)	2.7	2.1
<i>Mortality assumptions</i>	2021	2020
Assumed life expectations on retirement at age 65:	Years	Years
Retiring today		
- Males	21	20.9
- Females	24.1	24.0
Retiring in 20 years		
- Males	22.6	22.5
- Females	26	25.9
	2021	2020
	£	£
<i>Amounts recognised in the income statement</i>		
Current service cost	1,602,000	1,705,000
Net interest on net defined benefit liability	175,000	125,000
The effect of any curtailment or settlement	7,000	-
Other costs and income	26,000	323,000
Total costs	1,810,000	2,153,000

SCHOOL IMPROVEMENT LIVERPOOL LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 MARCH 2021

15 Retirement benefit schemes (Continued)

	2021 £	2020 £
<i>Amounts taken to other comprehensive income</i>		
Actual return on scheme assets	(4,706,000)	(49,000)
Less: calculated interest element	631,000	634,000
Return on scheme assets excluding interest income	(4,075,000)	585,000
Actuarial changes related to obligations	9,169,000	754,000
Total costs	5,094,000	1,339,000

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

	2021 £	2020 £
Present value of defined benefit obligations	45,175,000	33,645,000
Fair value of plan assets	(31,400,000)	(25,868,000)
Deficit in scheme	13,775,000	7,777,000

	2021 £
<i>Movements in the present value of defined benefit obligations</i>	
Liabilities at 1 April 2020	33,645,000
Current service cost	1,602,000
Plan introductions, changes, curtailments and settlements	7,000
Benefits paid	(444,000)
Contributions from scheme members	390,000
Actuarial gains and losses	9,169,000
Interest cost	806,000
At 31 March 2021	45,175,000

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

SCHOOL IMPROVEMENT LIVERPOOL LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 MARCH 2021

15 Retirement benefit schemes (Continued)

	2021 £
<i>Movements in the fair value of plan assets</i>	
Fair value of assets at 1 April 2020	25,868,000
Interest income	631,000
Return on plan assets (excluding amounts included in net interest)	4,075,000
Benefits paid	(444,000)
Contributions by the employer	906,000
Contributions by scheme members	390,000
Other	(26,000)
At 31 March 2021	<u>31,400,000</u>

The actual return on plan assets was £4,706,000 (2020: (£647,000))

	2021 £	2020 £
<i>The analysis of the scheme assets at the reporting date were as follows:</i>		
Equity instruments	16,045,000	13,400,000
Property	2,826,000	2,432,000
Bonds	4,019,000	3,518,000
Cash	691,000	491,000
Other	7,819,000	6,027,000
	<u>31,400,000</u>	<u>25,868,000</u>

16 Share capital

	2021 Number	2020 Number	2021 £	2020 £
Ordinary share capital				
Issued and fully paid				
Ordinary share of £1 each	<u>1</u>	<u>1</u>	<u>1</u>	<u>1</u>

Ordinary share rights

The Company's ordinary shares, which carry no right to fixed income, each carry the right to one vote at general meetings of the Company.

17 Reserves

Profit and loss reserves

Includes all current and prior periods retained profits and losses.

SCHOOL IMPROVEMENT LIVERPOOL LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 MARCH 2021

18 Cash generated from/(absorbed by) operations

	2021 £	2020 £
Loss for the year after tax	(906,387)	(815,291)
Adjustments for:		
Taxation charged/(credited)	2,455	(305,915)
Finance costs	175,000	125,000
Amortisation and impairment of intangible assets	-	4,678
Depreciation and impairment of tangible fixed assets	13,422	37,890
Pension scheme non-cash movement	729,000	1,212,000
Movements in working capital:		
Decrease/(increase) in debtors	256,007	(1,279,169)
Increase in creditors	238,913	763,455
Cash generated from/(absorbed by) operations	508,410	(257,352)

19 Analysis of changes in net funds

	1 April 2020 £	Cash flows £	31 March 2021 £
Cash at bank and in hand	1,794,312	467,614	2,261,926

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:

	2021 £	2020 £
Within one year	46,500	46,500
Between one and five years	139,500	166,625
	186,000	213,125

SCHOOL IMPROVEMENT LIVERPOOL LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 MARCH 2021

21 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 £511,911 (2020: £364,895).

22 Ultimate controlling party

The immediate and ultimate parent undertaking and controlling party is Liverpool City Council, who's registered office is Cunard Buildings, Pier Head, Water Street, Liverpool L3 1DS.

Liverpool City Council prepares consolidated financial statements which include School Improvement Liverpool Limited. The consolidated financial statements of Liverpool City Council can be obtained from its website