

Company Registration No. 09235635 (England and Wales)

# **LIVERPOOL DIOCESAN SCHOOLS TRUST**

**(A COMPANY LIMITED BY GUARANTEE)**

**ANNUAL REPORT AND ACCOUNTS**

**FOR THE YEAR ENDED 31 AUGUST 2018**



# **LIVERPOOL DIOCESAN SCHOOLS TRUST**

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# **LIVERPOOL DIOCESAN SCHOOLS TRUST**

## **REFERENCE AND ADMINISTRATIVE DETAILS**

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### **Members**

Dr D Dennison  
Mr M Elliott  
Rt. Rev. R Blackburn  
Mr M Eastwood  
Rev. Dr C Pailing

### **Directors**

Reverend R Peers (Chief Executive Officer)  
Canon Dr J Richardson (Chair of Directors)  
Mrs M Swinson (Vice Chair of Directors)  
P A Johnson (Resigned 11 May 2018)  
Mr J Nichols  
Venerable R Preece  
Mrs R Coulthard  
Reverend H Wood  
Mrs C Roberts (Appointed 2 October 2018)  
Mr N J Lockwood (Appointed 2 October 2018)

### **Senior management team**

- Chief Executive Officer	Fr R Peers
- Deputy Chief Executive Officer	Mr S Harrison
- Trust Educational Officer (Appointed 1 September 2017)	Ms L Kwissa
- Director of Finance and Operations (Resigned 15 April 2018)	Mr M Darcy
- Director of Finance and Operations (Appointed 16 April 2018)	Mr S Boothroyd
- HR Director (Appointed 1 February 2018)	Mr G Bowkett

### **Company secretary**

Mr S Boothroyd

### **Company name**

Liverpool Diocesan Schools Trust

### **Company registration number**

09235635 (England and Wales)

### **Registered office**

St James' House  
St James Road  
Liverpool  
L1 7BY

# **LIVERPOOL DIOCESAN SCHOOLS TRUST**

## **REFERENCE AND ADMINISTRATIVE DETAILS**

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### **Academies operated**

St Michael's CE High School  
Bishop Martin CE Primary School  
Cronton CE Primary School  
Halewood CE Primary School  
Holy Trinity CE Primary School  
Huyton with Roby CE Primary School  
Parish CE Primary School  
St Andrew's CE Primary School  
St James CE Primary School  
St Thomas CE Primary School  
The Beacon CE Primary School

### **Location**

Liverpool  
Liverpool  
Widnes  
Liverpool  
Southport  
Liverpool  
St Helens  
Maghull  
Wigan  
Liverpool  
Liverpool

### **Headteacher**

Dr S J Hulme  
Mrs S Aspinwall  
Mrs S Thomson  
Mr D Smith  
Mrs S Mawdsley  
Mrs J Stratford  
Mrs L Ryder  
Mrs S Kerwin  
Mrs J Moore  
Mr M Ward  
Mrs S Aspinwall

### **Independent auditor**

MHA Moore and Smalley  
Richard House  
9 Winckley Square  
Preston  
PR1 3HP

### **Bankers**

Lloyds Bank  
Liverpool Law Courts  
PO Box 1000  
BX1 1LT

### **Solicitors**

Lee Bolton Monier-Williams  
1 The Sanctuary  
Westminster  
London  
SW1P 3JT

# LIVERPOOL DIOCESAN SCHOOLS TRUST

## DIRECTORS' REPORT

### FOR THE YEAR ENDED 31 AUGUST 2018

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The Directors present their annual report together with the audited financial statements of the Trust for the period from 1 September 2017 to 31 August 2018. The annual report serves the purposes of both a trustees' report and a directors' report under company law.

The Liverpool Diocesan Schools Trust ("The Trust") operated eleven academies during the year ended 31 August 2018. The academies served catchment areas in Liverpool, Sefton, Knowsley, St Helens and Wigan. One academy (St Michael's Church of England High School) is a secondary academy for pupils aged 11 to 18. The remaining ten academies are primary academies for pupils aged 4 to 10.

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

##### Constitution

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

The Directors of Liverpool Diocesan Schools Trust are included in the Reference and Administrative Details on page 1.

##### Members' liability

Each member of the charitable company undertakes to contribute to the assets of the charitable company in the event of it being wound up while they are a member, or within one year after they cease to be a member, such amount as may be required, not exceeding £10, for the debts and liabilities contracted before they ceased to be a member.

##### Directors' indemnities

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

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

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

- The Members shall appoint no fewer than 5 directors but are not subject to any maximum.
- The Chief Executive Officer shall be a Director for as long as they remain in office.
- The Trust may also appoint up to 2 co-opted Governors.
- Where directors have not appointed Local Governing Bodies, at least two parent directors appointed by parents of registered pupils of the Trust.

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

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

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

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

# **LIVERPOOL DIOCESAN SCHOOLS TRUST**

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

**FOR THE YEAR ENDED 31 AUGUST 2018**

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### Organisational structure

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

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

The following decisions are reserved to the Directors:

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

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

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

### Arrangements for setting pay and remuneration of key management personnel

The key management personnel having authority and responsibility for planning, directing and controlling the activities of the Trust, directly or indirectly, are the Directors and the Senior Management Team.

Directors receive no remuneration. Of the senior management team, the Chief Executive Officer and the Deputy Chief Executive Officer have dual roles as the Director of Education and Deputy Director of Education of the Liverpool Diocesan Board of Education respectively. No remuneration is paid to the Chief Executive Officer or the Deputy Chief Executive Officer by the Liverpool Diocesan Schools Trust. The remuneration of the remaining members of the senior management team is set annually by the Directors based on performance.

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

### Trade union facility time

The Trust does not have any relevant union officials.

### Related parties and other connected charities and organisations

St. Michael's Church of England High School works in partnership with South Sefton Sixth Form College to extend opportunities to its students by offering a wider range of courses at post 16.

# **LIVERPOOL DIOCESAN SCHOOLS TRUST**

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

**FOR THE YEAR ENDED 31 AUGUST 2018**

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### **Objectives and activities**

#### Objects

The objects of the Trust, as set out in its governing document, are to advance for the public benefit education in the United Kingdom, in particular but without prejudice to the generality of the foregoing by establishing, maintaining, carrying on, managing and developing Academies which shall offer a broad and balanced curriculum and which shall include

- Church of England schools designated as such which shall be conducted in accordance with the principles, practices and tenets of the Church of England both generally and in particular in relation to arranging for religious education and daily acts of worship, and having regard to any advice issued by the Diocesan Board of Education; and
- other Academies whether with or without a designated religious character; but in relation to each of the Academies to recognise and support their individual ethos, whether or not designated Church of England.

#### Vision and values

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

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

#### Aims

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

# **LIVERPOOL DIOCESAN SCHOOLS TRUST**

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

**FOR THE YEAR ENDED 31 AUGUST 2018**

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### Objectives, strategies and activities

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

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

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

The 11 schools in our Trust last year all accessed the full school improvement package of support, regardless of when they joined the Trust. This support included:

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

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

### Public benefit

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



# LIVERPOOL DIOCESAN SCHOOLS TRUST

## DIRECTORS' REPORT (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2018

### Strategic report

### Achievements and performance

### OFSTED

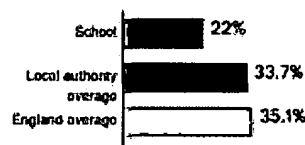
School	OFSTED Rating
St Michael's Church of England High School	Good (October 2017)
Cronton Church of England Primary School	Outstanding (March 2013)
Halewood Church of England Primary School	Outstanding (November 2008)
St Thomas' Church of England Primary School	Outstanding (July 2013)
The Beacon Church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

### Progress 8 score ?

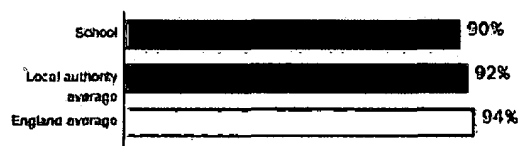


[More score details ?](#)

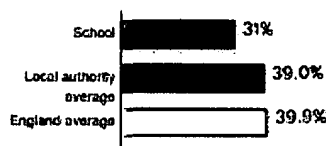
### Entering EBacc ?



### Staying in education or entering employment ?



### Grade 5 or above in English & maths GCSEs ?



### Pupil context

- Above average PPG (43%).
- Above average boy/girl split.
- Significantly above average SEND.

### Progress 8

- Progress of SEN students is well above national average of 2017.
- Science has a positive Progress 8 score.
- Languages progress is improving.
- Progress of disadvantaged students has improved in 2018.

### Attainment

- Attainment in basics measure shows a 3-year rising trend.
- Attainment in English is strong above or close to national average in all years.
- Science is above national average in all areas.
- EBacc entries are rising and more students are studying languages.
- Attainment of disadvantaged pupils has improved in 2018.
- Attainment of SEN students is above national average.

# LIVERPOOL DIOCESAN SCHOOLS TRUST

## DIRECTORS' REPORT (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2018

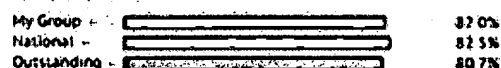
### All Trust Primary Schools

#### Key Stage 1

Phonics: achieving expected standard Y1

2017 2018

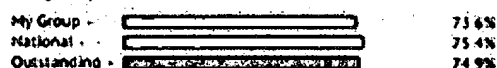
**82.0%**



Reading: working at expected standard

2017 2018

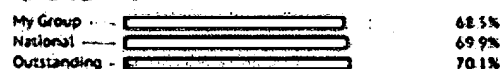
**73.6%**



Writing: working at expected standard

2017 2018

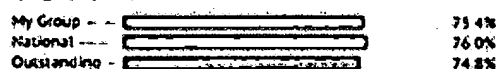
**68.5%**



Maths: working at expected standard

2017 2018

**75.4%**



	Key Stage 1											
	2017						2018					
	Reading		Writing		Maths		Reading		Writing		Maths	
	Ex+	GDS	Ex+	GDS	Ex+	GDS	Ex+	GDS	Ex+	GDS	Ex+	GDS
National	76	25	68	16	75	21	75	26	70	16	76	22
The Beacon	63	6	60	0	70	13	70	20	68	13	73	25
Bishop Martin	90	23	73	13	87	27	90	30	77	20	87	27
Cranton	87	37	73	23	80	27	75	26	70	16	76	22
Halewood	83	20	60	10	73	27	77	27	70	17	87	20
Holy Trinity	77	13	60	10	73	23	63	13	66	13	83	13
Huyton with Roby	48	12	35	2	50	2	57	22	58	0	55	13
Parish	80	23	73	13	80	20	76	21	65	17	76	24
St Andrew's	68	16	61	11	79	13	68	25	69	10	77	7
St James'	67	13	67	10	63	10	73	27	73	20	73	27
St Thomas'	96	33	87	17	87	20	94	29	84	19	90	23

Key, with reference to national average: ☐ Above ☐ In Line ☐ Below

# LIVERPOOL DIOCESAN SCHOOLS TRUST

## DIRECTORS' REPORT (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2018

### Key Stage 2

Reading, writing (TA), maths: achieving expected standard  
2017/2018

**72.5%**



Reading, writing (TA), maths: achieving higher standard  
2017/2018

**12.9%**



Reading: average scaled score  
2017/2018

**105.69**



Maths: average scaled score  
2017/2018

**105.57**



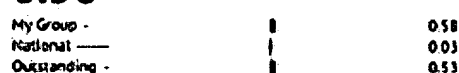
Grammar, punctuation & spelling: average scaled score  
2017/2018

**106.79**



Reading: overall progress score  
2017/2018

**0.58**



Writing: overall progress score  
2017/2018

**1.14**



Maths: overall progress score  
2017/2018

**1.03**



Key stage 2																				
	2017										2018									
	R		W		M		GPS		RWM		R		W		M		GPS		RWM	
	EX +	G DS	EX +	G DS	EX +	G DS	EX +	G DS	EX +	G DS	EX +	G DS	EX +	G DS	EX +	G DS	EX +	G DS	EX +	G DS
National	71	25	76	18	75	23	77	31	61	9	75	28	78	20	76	24	78	34	64	10
The Beacon	88	52	85	15	96	56	96	56	85	12	82	3	85	21	88	30	82	27	82	3
	2.3										-0.7		2.5		2.4					
Bishop Martin	72	34	94	22	91	63	91	47	72	13	87	45	87	33	94	48	87	42	81	26
	0.2		1		1.5						1.6		1.5		3.3					
Cronton	100	50	87	27	97	47	97	47	87		93	56	93	41	96	48	96	56	89	19
			1.1		2.65						3		2.2		3.2					
Halewood	83	20	87	20	97	37	90	40	77	10	90	33	93	43	97	37	87	43	87	27
	0.2		0.7		2.6						1.2		2.9		2.3					
Holy Trinity	68	11	63	11	73	11	89	14	50	4	66	17	66	7	72	17	76	20	55	3
	-0.1		0.1		0.5						1.2		-0.4		0.6					

# LIVERPOOL DIOCESAN SCHOOLS TRUST

## DIRECTORS' REPORT (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2018

	Key stage 2																			
	2017										2018									
	R		W		M		GPS		RWM		R		W		M		GPS		RWM	
	EX +	G DS	EX +	G DS	EX +	G DS	EX +	G DS	EX +	G DS	EX +	G DS	EX +	G DS	EX +	G DS	EX +	G DS	EX +	G DS
National	71	25	76	18	75	23	77	31	61	9	75	28	78	20	76	24	78	34	64	10
Huyton with Roby	66	17	59	7	53	7	55	7	39	3	71	33	76	22	71	18	78		62	9
	0.2		-2		-1.9						1		0.4		0					
Parish	70	19	85	26	96	48	81	41	70	7	85	23	85	19	88	19	81	35	81	15
	-0.5		1.2								2		2		2.5					
St Andrew's	84	32	67	11	84	25	79	14	63	0	96	50	91	24	98	33	90	57	88	10
	0.06		-2.3		0.4						2.4		-1.2		1.3					
St James'	69	17	72	20	69	20	62	0	59	14	55	0	85	37	63				33	
	0		2.6		-0.3						-2.6				-0.7					
St Thomas'	83	31	86	24	93	52	90	45	79	17	93	45	93	24	93	34	93	45	86	14
	0.3		0.4								3.2		1.2		3.3					

### Going concern

After making appropriate enquiries, the governing body has a reasonable expectation that the Trust has adequate resources to continue in operational existence for the foreseeable future. For this reason the Board of Directors continues to adopt the going concern basis in preparing the accounts. Further details regarding the adoption of the going concern basis can be found in the statement of accounting policies.

### Financial review

This set of financial statements are for the accounting year 1 September 2017 to 31 August 2018. During the year ten schools joined the Trust and therefore these financial statements include only transactions relevant to the period from when the school joined.

The majority of the schools' income is received from the Education and Skills Funding Agency (ESFA) in the form of recurrent grants, the use of which is restricted to particular purposes. The grants received from the ESFA during the year and the associated expenditure are shown as restricted funds in the statement of financial activities. One school within the Trust (St Thomas' Church of England Primary School) successfully bid for funding from the Academies Conditional Improvement Fund totalling £146,534 for an electrical replacement/rewiring scheme. Total income for the period was £13,203,365 (2017: £4,981,100).

During the year the Trust received:

- a £135,100 MAT Development and Improvement Fund (MDIF) from the Department for Education to enable sustained growth of the Trust and to implement integrated curriculum and financial planning.
- a gift of £250,000 from the Liverpool Diocesan Board of Finance to support the ongoing development of the Trust.
- eleven conversion grants of £25,000 each totalling £275,000 to cover costs associated with converting schools into the Trust

During the period to 31 August 2018, the total expenditure was £16,869,288 (2017: £4,918,896), of which £13,461,908 (2017: £4,907,301) related to the direct provision of educational operations and £nil (2017: £11,595) related to raising funds. The remaining expenditure of £3,407,380 related to the net deficit inherited on conversion.

# **LIVERPOOL DIOCESAN SCHOOLS TRUST**

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

### **FOR THE YEAR ENDED 31 AUGUST 2018**

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On conversion in 2014, St Michaels inherited a deficit of £1,740,000 in respect of the Local Government Pension Scheme. The Trust has inherited an additional deficit of £5,628,000 from the ten schools that converted in the year. The total value of the deficit has increased to £8,020,000 as at 31 August 2018. The Trust is currently paying contributions of approximately £195,000 towards the deficit from the GAG. The level of these deficit payments will be reviewed following the next actuarial review in 2020 and any changes in the level of repayment will be included in each school's annual budget from that date forward.

Parliament has agreed, at the request of the Secretary of State for Education, to guarantee that, in the event of academy closure, outstanding local government pension liabilities would be met from the Department of Education.

#### Reserves policy

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

The policy is subject to the following overall principles:

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

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

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

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

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

At 31 August 2018, the Trust had a balance on its Unrestricted and Restricted General Funds, available for educational and general purposes of £1,585,649.

#### Investment policy

Due to the nature of funding, the Trust may at times hold cash balances surplus to the short term requirements. Directors are committed to ensuring that all funds under their control are managed in such a way as to maximise return whilst minimising risk.

# LIVERPOOL DIOCESAN SCHOOLS TRUST

## DIRECTORS' REPORT (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2018

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### Principal risks and uncertainties

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

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

The Trust's system of internal financial control is based on a framework of regular management information and administrative procedures including segregation of duties and a system of delegation and accountability. The Directors have approved and work to a detailed set of Financial Regulations and a supporting Scheme of Delegation and comply with the requirements as set out in the Academies Financial Handbook.

The Trust's system of internal financial control has been reviewed by Cofie Ltd as part of financial reporting in respect of the MDIF grant and the implementation process of integrated curriculum and financial planning. In addition, the appointment in April 2018 of a Director of Finance and Operations with a background in internal audit has enabled a thorough examination of internal financial controls. During 2018/19 the Trust will appoint an external professional auditor to undertake an annual programme of internal audit work covering all risks to the Trust including internal financial controls. Internal financial controls have also been examined as part of the external audit carried out by MHA Moore and Smalley. Recommendations arising from the audit have been accepted and will be implemented within agreed timescales.

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

- The accounts return 2016/17
- The Financial Management and Governance Self Evaluation
- Teachers' Pensions Audit
- Budget Forecast Return and Budget Forecast Return Outturn
- Regular communication with the Regional Schools Commissioner

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

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

### **Fundraising**

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

# **LIVERPOOL DIOCESAN SCHOOLS TRUST**

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

**FOR THE YEAR ENDED 31 AUGUST 2018**

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### **Plans for future periods**

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

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

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

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

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

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

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

In managing the Trust, the organisation will:

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

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

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

# **LIVERPOOL DIOCESAN SCHOOLS TRUST**

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

**FOR THE YEAR ENDED 31 AUGUST 2018**

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

The Trust are in the process of consulting on and developing a Disability Equality Scheme which will provide us with a framework for integrating disability equality into all aspects of the Trust's activities. These actions will include some priorities to increase access to the curriculum, the physical environment and the provision of information, as well as measures to increase participation. Specific actions will depend on what the feedback from our consultation activities.

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


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

### **Auditor**

In so far as the Directors are aware:

- there is no relevant audit information of which the charitable company's auditor is unaware; and
- the Directors have taken all steps that they ought to have taken to make themselves aware of any relevant audit information and to establish that the auditor is aware of that information.

The Directors' report, incorporating a strategic report, was approved by order of the Board of Directors, as the company directors, on .....19/12/18..... and signed on its behalf by:



**Canon Dr J Richardson**  
**Chair of Directors**



# LIVERPOOL DIOCESAN SCHOOLS TRUST

## GOVERNANCE STATEMENT

FOR THE YEAR ENDED 31 AUGUST 2018

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### Scope of responsibility

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

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

### Governance

The information on governance included here supplements that described in the Directors' Report and in the Statement of Directors' Responsibilities. The Board of Directors has formally met 4 times during the year. Attendance during the year at meetings of the Board of Directors was as follows:

Directors	Meetings attended	Out of possible
Reverend R Peers (Chief Executive Officer)	4	4
Canon Dr J Richardson (Chair of Directors)	3	4
Mrs M Swinson (Vice Chair of Directors)	4	4
P A Johnson (Resigned 11 May 2018)	0	3
Mr J Nichols	3	4
Venerable R Preece	4	4
Mrs R Coulthard	2	4
Reverend H Wood	3	4
Mrs C Roberts (Appointed 2 October 2018)	0	0
Mr N J Lockwood (Appointed 2 October 2018)	0	0

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

The Trust has previously undertaken a skills review for Directors. Since the end of the financial year two further Directors have been appointed to the Board to provide specific representation for secondary and primary schools. A full skills assessment of all Directors is due to take place during 2018/19.

The Audit Committee is a sub-committee of the main Board of Directors. Its purpose is to consider the external auditors' findings resulting from their audit of the financial statements, and to recommend the financial statements to the Board of Directors for approval. The Audit Committee comprised a combination of the Governors of St. Michael's Church of England High School and Board Directors.

Attendance at meetings in the year was as follows:

Directors	Meetings attended	Out of possible
Mr J Nichols	1	1

In addition to the Director listed above, the following Governors of St Michael's Church of England High School were also in attendance at the meeting: Venerable P Spiers, Ms H Woods and Mrs H Hunter.

# **LIVERPOOL DIOCESAN SCHOOLS TRUST**

## **GOVERNANCE STATEMENT (CONTINUED)**

### **FOR THE YEAR ENDED 31 AUGUST 2018**

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On 2 October 2018, the Board of Directors dissolved the Audit Committee and constituted an Audit, Finance and Risk Committee which will meet at least three times and up to six times per year. The membership of the Audit, Finance and Risk Committee includes: Venerable R Preece (Chair); Mr J Nichols; and Mr N Lockwood (appointed 2 October 2018).

#### **Review of value for money**

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

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

- Regular review of the functions of the Trust, challenging how and why services are provided and setting targets and performance indicators for improvement;
- Monitoring outcomes and comparing performance with similar schools and within the Trust;
- Consulting appropriate stakeholders before major decisions are made; and
- Promoting fair competition through quotations and tenders to ensure that goods and services are secured in the most economic, efficient and effective way.

The Directors of Liverpool Diocesan Schools Trust are committed to achieving value for money in all decisions made.

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

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

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

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

#### **The purpose of the system of internal control**

The system of internal control is designed to manage risk to a reasonable level rather than to eliminate all risk of failure to achieve policies, aims and objectives. It can therefore only provide reasonable and not absolute assurance of effectiveness. The system of internal control is based on an on-going process designed to identify and prioritise the risks to the achievement of academy trust policies, aims and objectives, to evaluate the likelihood of those risks being realised and the impact should they be realised, and to manage them efficiently, effectively and economically. The system of internal control has been in place in the Academy for the period 1 September 2017 to 31 August 2018 and up to the date of approval of the annual report and financial statements.

#### **Capacity to handle risk**

The board of Directors has reviewed the key risks to which the academy trust is exposed together with the operating, financial and compliance controls that have been implemented to mitigate those risks. The board of Directors is of the view that there is a formal ongoing process for identifying, evaluating and managing the academy trust's significant risks that has been in place for the period 1 September 2017 to 31 August 2018 and up to the date of approval of the annual report and accounts. This process is regularly reviewed by the board of Directors.

# **LIVERPOOL DIOCESAN SCHOOLS TRUST**

## **GOVERNANCE STATEMENT (CONTINUED)**

**FOR THE YEAR ENDED 31 AUGUST 2018**

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

The academy trust's system of internal financial control is based on a framework of regular management information and administrative procedures including the segregation of duties and a system of delegation and accountability. In particular it includes:

- comprehensive budgeting and monitoring systems with an annual budget and periodic financial reports which are reviewed and agreed by the Board of Directors;
- regular reviews by the finance and personnel committee of reports which indicate financial performance against the forecasts and of major purchase plans, capital works and expenditure programmes;
- setting targets to measure financial and other performance;
- clearly defined purchasing (asset purchase or capital investment) guidelines;
- delegation of authority and segregation of duties;
- identification and management of risks.

The Board of Directors considered the need for a specific internal audit function and decided not to appoint an internal auditor for the 2017/18 year. However, the Board of Directors has approved the appointment of an internal auditor for the 2018/19 academic year. Ad-hoc internal audit work has been undertaken during the 2017/18 year by the Trust's financial support partner, Cofie Ltd. The Directors have appointed MHA Moore & Smalley as the external auditor. Their role includes giving advice on financial matters and performing a range of checks on the Trust's financial systems as part of the financial statements audit. In particular the checks carried out in the current period included:

- testing of payroll systems
- testing of purchase systems
- testing of control account/bank reconciliations
- testing of income systems
- testing of school fund
- testing of charge card controls and procedure

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

### **Review of effectiveness**

As Accounting Officer, the Chief Executive Officer has responsibility for reviewing the effectiveness of the system of internal control. During the year in question the review has been informed by:

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

## LIVERPOOL DIOCESAN SCHOOLS TRUST

### GOVERNANCE STATEMENT (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2018

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The accounting officer has been advised of the implications of the result of their review of the system of internal control by the finance and personnel committee and a plan to address weaknesses and ensure continuous improvement of the system is in place.

Approved by order of the Board of Directors on 19/12/18 and signed on its behalf by:



Reverend R Peers  
Chief Executive Officer



Canon Dr J Richardson  
Chair of Directors

## **LIVERPOOL DIOCESAN SCHOOLS TRUST**

### **STATEMENT OF REGULARITY, PROPRIETY AND COMPLIANCE FOR THE YEAR ENDED 31 AUGUST 2018**

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As accounting officer of Liverpool Diocesan Schools Trust I have considered my responsibility to notify the academy trust Board of Directors and the Education & Skills Funding Agency (ESFA) of material irregularity, impropriety and non-compliance with terms and conditions of all funding received by the academy trust, under the funding agreement in place between the academy trust and the Secretary of State for Education. As part of my consideration I have had due regard to the requirements of the Academies Financial Handbook 2017.

I confirm that I and the academy trust's Board of Directors are able to identify any material irregular or improper use of funds by the academy trust, or material non-compliance with the terms and conditions of funding under the academy trust's funding agreement and the Academies Financial Handbook 2017.

Due to the changes in the structure of the MAT during the year, it was not practical to appoint an internal auditor during the period. Ad-hoc reviews of systems have been performed and the new Director of Finance and Operations has relevant experience. A tender process is being undertaken to appoint an internal auditor for 2018/19.

With the exception of the above, I confirm that no instances of material irregularity, impropriety or funding non-compliance have been discovered to date. If any instances are identified after the date of this statement, these will be notified to the Board of Directors and ESFA.

**Reverend R Peers**  
**Accounting Officer**



# **LIVERPOOL DIOCESAN SCHOOLS TRUST**

## **STATEMENT OF DIRECTORS' RESPONSIBILITIES**

**FOR THE YEAR ENDED 31 AUGUST 2018**

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

Company law requires the Directors to prepare accounts for each financial year. Under company law the Directors must not approve the accounts unless they are satisfied that they give a true and fair view of the state of affairs of the charitable company and of its incoming resources and application of resources, including its income and expenditure, for that period.

In preparing these accounts, the Directors are required to:

- select suitable accounting policies and then apply them consistently;
- observe the methods and principles in the Charities SORP 2015 and the Academies Accounts Direction 2017 to 2018;
- make judgements and accounting estimates that are reasonable and prudent;
- state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the accounts; and
- prepare the accounts on the going concern basis unless it is inappropriate to presume that the charitable company will continue in business.

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

The Directors are responsible for ensuring that in its conduct and operation the charitable company applies financial and other controls, which conform with the requirements both of propriety and of good financial management. They are also responsible for ensuring that grants received from ESFA/DfE have been applied for the purposes intended.

The Directors are responsible for the maintenance and integrity of the corporate and financial information included on the charitable company's website. Legislation in the United Kingdom governing the preparation and dissemination of accounts may differ from legislation in other jurisdictions.

Approved by order of the members of the Board of Directors on 19/12/18 and signed on its behalf by:



**Canon Dr J Richardson**  
**Chair of Directors**



# **LIVERPOOL DIOCESAN SCHOOLS TRUST**

## **INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF LIVERPOOL DIOCESAN SCHOOLS TRUST FOR THE YEAR ENDED 31 AUGUST 2018**

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### **Opinion**

We have audited the accounts of Liverpool Diocesan Schools Trust for the year ended 31 August 2018 which comprise the statement of financial activities, the balance sheet, the statement of cash flows and the notes to the accounts, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland' (United Kingdom Generally Accepted Accounting Practice), the Charities SORP 2015 and the Academies Accounts Direction 2017 to 2018 issued by the Education & Skills Funding Agency.

In our opinion the accounts:

- give a true and fair view of the state of the charitable company's affairs as at 31 August 2018 and of its incoming resources and application of resources, including its income and expenditure, for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice;
- have been prepared in accordance with the requirements of the Companies Act 2006; and
- have been prepared in accordance with the Charities SORP 2015 and the Academies Accounts Direction 2017 to 2018.

### **Basis for opinion**

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

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

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

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

### **Other information**

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

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

We have nothing to report in this regard.

## **LIVERPOOL DIOCESAN SCHOOLS TRUST**

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

**FOR THE YEAR ENDED 31 AUGUST 2018**

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

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

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

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

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

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

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

#### **Responsibilities of Directors**

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

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

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

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

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



## LIVERPOOL DIOCESAN SCHOOLS TRUST

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

FOR THE YEAR ENDED 31 AUGUST 2018

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#### Use of our report

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



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

Richard House  
9 Winckley Square  
Preston  
PR1 3HP

19 December 2018

# **LIVERPOOL DIOCESAN SCHOOLS TRUST**

## **INDEPENDENT REPORTING ACCOUNTANT'S ASSURANCE REPORT ON REGULARITY TO LIVERPOOL DIOCESAN SCHOOLS TRUST AND THE EDUCATION & SKILLS FUNDING AGENCY FOR THE YEAR ENDED 31 AUGUST 2018**

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In accordance with the terms of our engagement letter dated 25 November 2014 and further to the requirements of the Education & Skills Funding Agency (ESFA) as included in the Academies Accounts Direction 2017 to 2018, we have carried out an engagement to obtain limited assurance about whether the expenditure disbursed and income received by Liverpool Diocesan Schools Trust during the period 1 September 2017 to 31 August 2018 have been applied to the purposes identified by Parliament and the financial transactions conform to the authorities which govern them.

This report is made solely to Liverpool Diocesan Schools Trust and ESFA in accordance with the terms of our engagement letter. Our work has been undertaken so that we might state to the Liverpool Diocesan Schools Trust and ESFA those matters we are required to state in a report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than Liverpool Diocesan Schools Trust and ESFA, for our work, for this report, or for the conclusion we have formed.

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

The accounting officer is responsible, under the requirements of Liverpool Diocesan Schools Trust's funding agreement with the Secretary of State for Education dated 29 October 2014 and the Academies Financial Handbook, extant from 1 September 2017, for ensuring that expenditure disbursed and income received is applied for the purposes intended by Parliament and the financial transactions conform to the authorities which govern them.

Our responsibilities for this engagement are established in the United Kingdom by our profession's ethical guidance, and are to obtain limited assurance and report in accordance with our engagement letter and the requirements of the Academies Accounts Direction 2017 to 2018. We report to you whether anything has come to our attention in carrying out our work which suggests that in all material respects, expenditure disbursed and income received during the period 1 September 2017 to 31 August 2018 have not been applied to purposes intended by Parliament or that the financial transactions do not conform to the authorities which govern them.

### **Approach**

We conducted our engagement in accordance with the Academies Accounts Direction 2017 to 2018 issued by ESFA. We performed a limited assurance engagement as defined in our engagement letter.

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

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

Our engagement includes examination, on a test basis, of evidence relevant to the regularity and propriety of the academy trust's income and expenditure.

The work undertaken to draw to our conclusion includes an evaluation of the control environment of the Trust together with enquiry, analytical review and substantive testing of transactions.

## LIVERPOOL DIOCESAN SCHOOLS TRUST

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

FOR THE YEAR ENDED 31 AUGUST 2018

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#### Conclusion

As noted in the Statement of Regularity, Propriety and Compliance, due to the changes in the structure of the MAT during the year, it was not practical to appoint an internal auditor during the period. Ad-hoc reviews of systems have been performed and the new Director of Finance and Operations has relevant experience. A tender process is being undertaken to appoint an internal auditor for 2018/19.

Notwithstanding the above, nothing has come to our attention which suggests that in all material respects the expenditure disbursed and income received during the period 1 September 2017 to 31 August 2018 has not been applied to purposes intended by Parliament and the financial transactions do not conform to the authorities which govern them.

MHA Moore & Smalley

**Reporting Accountant**  
**MHA Moore and Smalley**

Richard House  
9 Winckley Square  
Preston  
PR1 3HP

19 December 2018

# LIVERPOOL DIOCESAN SCHOOLS TRUST

## STATEMENT OF FINANCIAL ACTIVITIES INCLUDING INCOME AND EXPENDITURE ACCOUNT FOR THE YEAR ENDED 31 AUGUST 2018

		Unrestricted funds	Restricted general funds	Restricted fixed asset funds	Total 2018	Total 2017
	Notes	£	£	£	£	£
<b>Income and endowments from:</b>						
Donations and capital grants	3	-	351,813	216,138	567,951	329,497
Charitable activities:						
- Funding for educational operations	4	159,908	12,368,079	-	12,527,987	4,629,339
Other trading activities	5	106,636	-	-	106,636	21,691
Investments	6	791	-	-	791	573
<b>Total income and endowments</b>		<b>267,335</b>	<b>12,719,892</b>	<b>216,138</b>	<b>13,203,365</b>	<b>4,981,100</b>
<b>Expenditure on:</b>						
Raising funds	7	-	-	-	-	11,595
Charitable activities:						
- Educational operations	10	326,677	13,046,718	88,513	13,461,908	4,907,301
Charitable expenditure - transfer from local authority on conversion	27	(830,785)	5,628,000	(1,389,835)	3,407,380	-
<b>Total expenditure</b>	<b>7</b>	<b>(504,108)</b>	<b>18,674,718</b>	<b>(1,301,322)</b>	<b>16,869,288</b>	<b>4,918,896</b>
<b>Net income/(expenditure)</b>		<b>771,443</b>	<b>(5,954,826)</b>	<b>1,517,460</b>	<b>(3,665,923)</b>	<b>62,204</b>
Transfers between funds		(174,094)	385,327	(211,233)	-	-
<b>Other recognised gains and losses</b>						
Actuarial gains/(losses) on defined benefit pension schemes	21	-	636,000	-	636,000	(211,000)
<b>Net movement in funds</b>		<b>597,349</b>	<b>(4,933,499)</b>	<b>1,306,227</b>	<b>(3,029,923)</b>	<b>(148,796)</b>
<b>Reconciliation of funds</b>						
Total funds brought forward		410,163	(2,508,364)	2,028,939	(69,262)	79,534
Total funds carried forward	19	1,007,512	(7,441,863)	3,335,166	(3,099,185)	(69,262)

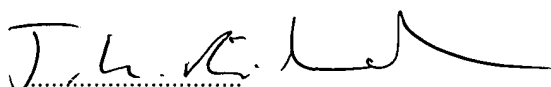
# LIVERPOOL DIOCESAN SCHOOLS TRUST

## BALANCE SHEET

AS AT 31 AUGUST 2018

	Notes	2018		2017	
		£	£	£	£
<b>Fixed assets</b>					
Intangible assets	14		39,640		41,860
Tangible assets	15		3,295,526		1,922,922
			<u>3,335,166</u>		<u>1,964,782</u>
<b>Current assets</b>					
Debtors	16	1,177,620		184,856	
Cash at bank and in hand		1,863,809		773,138	
		<u>3,041,429</u>		<u>957,994</u>	
<b>Current liabilities</b>					
Creditors: amounts falling due within one year	17	(1,455,780)		(321,038)	
<b>Net current assets</b>			<u>1,585,649</u>		<u>636,956</u>
<b>Net assets excluding pension liability</b>			<u>4,920,815</u>		<u>2,601,738</u>
Defined benefit pension scheme liability	21		(8,020,000)		(2,671,000)
<b>Net assets</b>			<u>(3,099,185)</u>		<u>(69,262)</u>
<b>Funds of the academy trust:</b>					
<b>Restricted funds</b>	19				
- Fixed asset funds			3,335,166		2,028,939
- Restricted income funds			578,137		162,636
- Pension reserve			(8,020,000)		(2,671,000)
<b>Total restricted funds</b>			<u>(4,106,697)</u>		<u>(479,425)</u>
<b>Unrestricted income funds</b>	19		<u>1,007,512</u>		<u>410,163</u>
<b>Total funds</b>			<u>(3,099,185)</u>		<u>(69,262)</u>

The accounts on pages 26 to 60 were approved by the Directors and authorised for issue on 19/12/18 and are signed on their behalf by:



Canon Dr J Richardson  
Chair of Directors

Company Number 09235635

# LIVERPOOL DIOCESAN SCHOOLS TRUST

## STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED 31 AUGUST 2018

	Notes	2018 £	£	2017 £	£
<b>Cash flows from operating activities</b>					
Net cash provided by/(used in) operating activities	22	351,254		(32,998)	
Cash funds transferred on conversion		591,550		-	
		<u>942,804</u>		<u>(32,998)</u>	
<b>Cash flows from investing activities</b>					
Dividends, interest and rents from investments		791		573	
Capital grants from DfE Group		216,138		325,194	
Purchase of intangible fixed assets		(7,690)		(41,860)	
Purchase of tangible fixed assets		(61,372)		(66,500)	
		<u>147,867</u>		<u>217,407</u>	
<b>Net cash provided by investing activities</b>					
			147,867		217,407
<b>Net increase in cash and cash equivalents in the reporting period</b>			1,090,671		184,409
Cash and cash equivalents at beginning of the year			773,138		588,729
<b>Cash and cash equivalents at end of the year</b>			<u>1,863,809</u>		<u>773,138</u>

# LIVERPOOL DIOCESAN SCHOOLS TRUST

## NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 AUGUST 2018

---

### **1 Accounting policies**

A summary of the principal accounting policies adopted (which have been applied consistently, except where noted), judgements and key sources of estimation uncertainty, is set out below.

#### **1.1 Basis of preparation**

The accounts of the academy trust, which is a public benefit entity under FRS 102, have been prepared under the historical cost convention in accordance with the Financial Reporting Standard Applicable in the UK and Republic of Ireland (FRS 102), the Accounting and Reporting by Charities: Statement of Recommended Practice applicable to charities preparing their accounts in accordance with the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS 102) (Charities SORP (FRS 102)), the Academies Accounts Direction 2017 to 2018 issued by ESFA, the Charities Act 2011 and the Companies Act 2006.

Liverpool Diocesan Schools Trust meets the definition of a public benefit entity under FRS 102.

#### **1.2 Going concern**

The Directors assess whether the use of going concern is appropriate, ie whether there are any material uncertainties related to events or conditions that may cast significant doubt on the ability of the charitable company to continue as a going concern. The Directors make this assessment in respect of a period of at least one year from the date of authorisation for issue of the accounts and have concluded that the academy trust has adequate resources to continue in operational existence for the foreseeable future and there are no material uncertainties about the academy trust's ability to continue as a going concern. Thus they continue to adopt the going concern basis of accounting in preparing the accounts.

# LIVERPOOL DIOCESAN SCHOOLS TRUST

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2018

### 1 Accounting policies

(Continued)

#### 1.3 Conversion to an academy trust

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

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

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

The academy trust company occupies land (including buildings) which is owned by its Trustees who are the Diocese of Liverpool. The Trustees are the providers of the Trust on the same basis as when the schools were maintained schools. The academy trust company occupies part of the land (and buildings) under a mere licence. This continuing permission of their Trustees is pursuant to, and subject to, the Trustees' charitable objects, and is part of the Church of England's contribution to provide State funded education in partnership with the State. The licence delegates aspects of the management of the land (and buildings) to the academy trust company for the time being, but does not vest any rights over the land in the academy trust company. The Trustees have given an undertaking to the Secretary of State that they will not give the academy trust company less than two years notice to terminate the occupation of the land (including buildings). Having considered the terms under which the academy trust company is occupying the land and buildings the directors have concluded that the value of the land and buildings occupied by the academy trust company will not be recognised on the balance sheet of the company on the basis that they do not control the asset.

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

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

#### 1.4 Income

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

##### Grants

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



# LIVERPOOL DIOCESAN SCHOOLS TRUST

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2018

### 1 Accounting policies

(Continued)

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

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

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

#### Sponsorship income

Sponsorship income provided to the academy trust which amounts to a donation is recognised in the statement of financial activities in the period in which it is receivable (where there are no performance-related conditions), where the receipt is probable and it can be measured reliably.

#### Donations

Donations are recognised on a receivable basis (where there are no performance-related conditions) where the receipt is probable and the amount can be reliably measured.

#### Other income

Other income, including the hire of facilities, is recognised in the period it is receivable and to the extent the academy trust has provided the goods or services.

#### Donated goods, facilities and services

Goods donated for resale are included at fair value, being the expected proceeds from sale less the expected costs of sale. If it is practical to assess the fair value at receipt, it is recognised in stock and 'Income from other trading activities'. Upon sale, the value of the stock is charged against 'Income from other trading activities' and the proceeds are recognised as 'Income from other trading activities'. Where it is impractical to fair value the items due to the volume of low value items they are not recognised in the financial statements until they are sold. This income is recognised within 'Income from other trading activities'.

#### Donated fixed assets

Donated fixed assets are measured at fair value unless it is impractical to measure this reliably, in which case the cost of the item to the donor is used. The gain is recognised as income from donations and a corresponding amount is included in the appropriate fixed asset category and depreciated over the useful economic life in accordance with the academy trust's accounting policies.

### 1.5 Expenditure

Expenditure is recognised once there is a legal or constructive obligation to transfer economic benefit to a third party, it is probable that a transfer of economic benefits will be required in settlement, and the amount of the obligation can be measured reliably.

Expenditure is classified by activity. The costs of each activity are made up of the total of direct costs and shared costs, including support costs involved in undertaking each activity. Direct costs attributable to a single activity are allocated directly to that activity. Shared costs which contribute to more than one activity and support costs which are not attributable to a single activity are apportioned between those activities on a basis consistent with the use of resources. Central staff costs are allocated on the basis of time spent, and depreciation charges are allocated on the portion of the asset's use.

# LIVERPOOL DIOCESAN SCHOOLS TRUST

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2018

### 1 Accounting policies

(Continued)

All resources expended are inclusive of irrecoverable VAT.

#### Expenditure on raising funds

This includes all expenditure incurred by the academy trust to raise funds for its charitable purposes and includes costs of all fundraising activities events and non-charitable trading.

#### Charitable activities

These are costs incurred on the academy trust's educational operations, including support costs and costs relating to the governance of the academy trust apportioned to charitable activities.

#### 1.6 Intangible fixed assets and amortisation

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

Computer software	20% per annum straight line
-------------------	-----------------------------

#### 1.7 Tangible fixed assets and depreciation

Assets costing £1,000 or more are capitalised as tangible fixed assets and are carried at cost, net of depreciation and any provision for impairment.

Where tangible fixed assets have been acquired with the aid of specific grants, either from the government or from the private sector, they are included in the balance sheet at cost and depreciated over their expected useful economic life. Where there are specific conditions attached to the funding requiring the continued use of the asset the related grants are credited to a restricted fixed asset fund in the statement of financial activities and carried forward in the balance sheet. Depreciation on the relevant assets is charged directly to the restricted fixed asset fund in the statement of financial activities so as to reduce the fund over the useful economic life of the related asset on a basis consistent with the academy trust's depreciation policy. Where tangible fixed assets have been acquired with unrestricted funds, depreciation on such assets is charged to the unrestricted fund.

Depreciation is provided on all tangible fixed assets other than freehold land, at rates calculated to write off the cost of each asset on a straight-line basis over its expected useful life, as follows:

Land and buildings	2% per annum straight line
Computer equipment	33% per annum straight line
Fixtures, fittings & equipment	20% per annum straight line

A review for impairment of a fixed asset is carried out if events or changes in circumstances indicate that the carrying value of any fixed asset may not be recoverable. Shortfalls between the carrying value of fixed assets and their recoverable amounts are recognised as impairments. Impairment losses are recognised in the statement of financial activities.

#### 1.8 Liabilities

Liabilities are recognised when there is an obligation at the balance sheet date as a result of a past event, it is probable that a transfer of economic benefit will be required in settlement, and the amount of the settlement can be estimated reliably. Liabilities are recognised at the amount that the academy trust anticipates it will pay to settle the debt or the amount it has received as advanced payments for the goods or services it must provide.

# LIVERPOOL DIOCESAN SCHOOLS TRUST

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2018

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### 1 Accounting policies

(Continued)

#### 1.9 Leased assets

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

#### 1.10 Financial instruments

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

##### Financial assets

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

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

##### Financial liabilities

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

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

#### 1.11 Taxation

The academy trust is considered to pass the tests set out in Paragraph 1 Schedule 6 of the Finance Act 2010 and therefore it meets the definition of a charitable company for UK corporation tax purposes. Accordingly, the academy trust is potentially exempt from taxation in respect of income or capital gains received within categories covered by chapter 3 part 11 of the Corporation Tax Act 2010 or Section 256 of the Taxation of Chargeable Gains Act 1992, to the extent that such income or gains are applied exclusively to charitable purposes.

#### 1.12 Pensions benefits

Retirement benefits to employees of the academy trust are provided by the Teachers' Pension Scheme ('TPS') and the Local Government Pension Scheme ('LGPS'). These are defined benefit schemes and the assets are held separately from those of the academy trust.

The TPS is an unfunded scheme and contributions are calculated so as to spread the cost of pensions over employees' working lives with the academy trust in such a way that the pension cost is a substantially level percentage of current and future pensionable payroll. The contributions are determined by the Government Actuary on the basis of quadrennial valuations using a projected unit method. The TPS is an unfunded multi-employer scheme with no underlying assets to assign between employers. Consequently, the TPS is treated as a defined contribution scheme for accounting purposes and the contributions are recognised in the period to which they relate..

# LIVERPOOL DIOCESAN SCHOOLS TRUST

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2018

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### 1 Accounting policies

(Continued)

The LGPS is a funded multi-employer scheme and the assets are held separately from those of the academy trust in separate trustee administered funds. Pension scheme assets are measured at fair value and liabilities are measured on an actuarial basis using the projected unit credit method and discounted at a rate equivalent to the current rate of return on a high quality corporate bond of equivalent term and currency to the liabilities. The actuarial valuations are obtained at least triennially and are updated at each balance sheet date. The amounts charged to operating surplus are the current service costs and the costs of scheme introductions, benefit changes, settlements and curtailments. They are included as part of staff costs as incurred. Net interest on the net defined benefit liability/asset is also recognised in the statement of financial activities and comprises the interest cost on the defined benefit obligation and interest income on the scheme assets, calculated by multiplying the fair value of the scheme assets at the beginning of the period by the rate used to discount the benefit obligations. The difference between the interest income on the scheme assets and the actual return on the scheme assets is recognised in other recognised gains and losses.

#### 1.13 Fund accounting

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

Restricted fixed asset funds are resources which are to be applied to specific capital purposes imposed by the funders where the asset acquired or created is held for a specific purpose.

Restricted general funds comprise all other restricted funds received with instructions imposed by the funder and include grants from the Education and Skills Funding Agency.

#### 1.14 Agency arrangements

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

# LIVERPOOL DIOCESAN SCHOOLS TRUST

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2018

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### 2 Critical accounting estimates and areas of judgement

Accounting estimates and judgements are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

#### Critical accounting estimates and assumptions

The academy trust makes estimates and assumptions concerning the future. The resulting accounting estimates and assumptions will, by definition, seldom equal the related actual results. The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are discussed below.

#### ***Present value of the Local Government Pension Scheme defined benefit liability***

The present value of the Local Government Pension Scheme defined benefit liability depends on a number of factors that are determined on an actuarial basis using a variety of assumptions. The assumptions used in determining the net cost or income for pensions include the discount rate. Any changes in these assumptions, which are disclosed in note 21, will impact the carrying amount of the pension liability. Furthermore a roll forward approach which projects results from the latest full actuarial valuation performed at 31 March 2013 has been used by the actuary in valuing the pensions liability at 31 August 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.

#### ***Useful economic life of tangible fixed assets***

The useful economic life of tangible fixed assets is judged at the point of purchase.

As standard, a useful economic life of 50 years is applied to land and buildings, 3 years for computer equipment and 5 years for fixtures and fittings.

#### ***Impairment of fixed assets***

At each balance sheet date, management undertake an assessment of the carrying value of tangible fixed assets to determine whether there is any indication that the value has been impaired. Where necessary, impairment is recorded as an impairment loss.

#### Critical areas of judgement

#### ***Classification of occupied land and buildings owned by the diocese***

The academy trust company occupies the land and buildings which are owned by the Diocese of Liverpool. The trustees are the providers of the academies on the same basis as when the academies were maintained schools. The academy trust company occupies the land and buildings under a licence. The land and buildings are not included in the accounts on the grounds that the Trust does not have control over the use and access to the Land and Buildings. Further information on the accounting treatment adopted can be found in the tangible fixed assets accounting policy.

# LIVERPOOL DIOCESAN SCHOOLS TRUST

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2018

### 3 Donations and capital grants

	Unrestricted funds £	Restricted funds £	Total 2018 £	Total 2017 £
Capital grants	-	216,138	216,138	325,194
Other donations	-	351,813	351,813	4,303
	-	567,951	567,951	329,497

The income from donations and capital grants was £567,951 (2017: £329,497) of which £351,813 was restricted (2017: £4,303) and £216,138 was restricted fixed assets (2017: £325,194).

### 4 Funding for the academy trust's educational operations

	Unrestricted funds £	Restricted funds £	Total 2018 £	Total 2017 £
<b>DfE / ESFA grants</b>				
General annual grant (GAG)	-	9,679,701	9,679,701	3,538,359
Start up grants	-	275,000	275,000	-
Other DfE / ESFA grants	-	1,030,478	1,030,478	492,634
	-	10,985,179	10,985,179	4,030,993
<b>Other government grants</b>				
Local authority grants	-	1,218,624	1,218,624	520,471
<b>Other funds</b>				
Other incoming resources	159,908	164,276	324,184	77,875
<b>Total funding</b>	159,908	12,368,079	12,527,987	4,629,339

The income from funding for educational operations was £12,527,987 (2017: £4,629,339) of which £159,908 was unrestricted (2017: £17,279) and £12,368,079 was restricted (2017: £4,612,060).

# LIVERPOOL DIOCESAN SCHOOLS TRUST

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2018

### 5 Other trading activities

	Unrestricted funds £	Restricted funds £	Total 2018 £	Total 2017 £
Hire of facilities	14,631	-	14,631	1,064
Other income	92,005	-	92,005	20,627
	<u>106,636</u>	<u>-</u>	<u>106,636</u>	<u>21,691</u>

The income from other trading activities was £106,636 (2017: £21,691) of which £106,636 was unrestricted (2017: £21,691).

### 6 Investment income

	Unrestricted funds £	Restricted funds £	Total 2018 £	Total 2017 £
Short term deposits	791	-	791	573

The income from funding for investment income was £791 (2017: £573) of which £791 was unrestricted (2017: £573).

### 7 Expenditure

	Staff costs £	Non Pay Expenditure Premises £	Other £	Total 2018 £	Total 2017 £
Expenditure on raising funds					
- Direct costs	-	-	-	-	11,595
Academy's educational operations					
- Direct costs	8,271,018	44,486	1,390,023	9,705,527	3,232,418
- Allocated support costs	1,713,388	1,168,791	874,202	3,756,381	1,273,447
Grants - support costs	-	-	-	-	401,436
	<u>9,984,406</u>	<u>1,213,277</u>	<u>2,264,225</u>	<u>13,461,908</u>	<u>4,918,896</u>

The expenditure on raising funds was £- (2017: £11,595) of which £- was unrestricted (2017: £11,595).

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

	2018 £	2017 £
Fees payable to auditor for:		
- Audit	19,750	8,100
- Other services	9,619	4,733
Depreciation of tangible fixed assets	88,513	24,504
Net interest on defined benefit pension liability	150,000	47,000

# LIVERPOOL DIOCESAN SCHOOLS TRUST

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2018

### 8 Central services

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

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

The academy trust charges for these services on the following basis:

- flat percentage of income (approx. 2% to 3%);
- other bases as arising.

The amounts charged during the year were as follows:

	2018 £	2017 £
St Michael's CE High School	32,178	-
Bishop Martin CE Primary School	4,092	-
Cronton CE Primary School	22,352	-
Halewood CE Primary School	22,985	-
Holy Trinity CE Primary School	15,768	-
Huyton with Roby CE Primary School	26,173	-
Parish CE Primary School	14,765	-
St Andrew's CE Primary School	11,565	-
St James CE Primary School	11,868	-
St Thomas CE Primary School	19,871	-
The Beacon CE Primary School	27,303	-
	<u>208,920</u>	<u>-</u>

### 9 Analysis of grants

	Unrestricted funds £	Restricted funds £	Total 2018 £	Total 2017 £
Improvements to diocesan property occupied by the academy trust	-	196,313	196,313	401,436

The expenditure on grants was £196,313 (2017: £401,436) of which £196,313 was restricted (2017: £401,436).



# LIVERPOOL DIOCESAN SCHOOLS TRUST

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2018

### 10 Charitable activities

	Unrestricted funds £	Restricted funds £	Total 2018 £	Total 2017 £
<b>Direct costs</b>				
Educational operations	250,873	9,454,654	9,705,527	3,232,418
<b>Support costs</b>				
Educational operations	75,804	3,680,577	3,756,381	1,674,883
	<u>326,677</u>	<u>13,135,231</u>	<u>13,461,908</u>	<u>4,907,301</u>

The expenditure on educational operations was £13,461,908 (2017: £4,907,301) of which £326,677 was unrestricted (2017: £-), £13,046,718 was restricted (2017: £4,882,797) and £88,513 was restricted fixed assets (2017: £24,504).

	2018 £	2017 £
<b>Analysis of support costs</b>		
Support staff costs	1,713,388	575,100
Depreciation	44,027	24,504
Premises costs	1,040,443	701,138
Other support costs	690,701	360,055
Governance costs	267,822	14,086
	<u>3,756,381</u>	<u>1,674,883</u>

### 11 Staff

#### Staff costs

Staff costs during the year were:

	2018 £	2017 £
Wages and salaries	7,454,038	2,630,199
Social security costs	647,708	240,629
Pension costs	1,681,623	591,522
Staff costs	<u>9,783,369</u>	<u>3,462,350</u>
Agency staff costs	183,704	53,262
Staff restructuring costs	17,333	-
Total staff expenditure	<u>9,984,406</u>	<u>3,515,612</u>
Staff restructuring costs comprise:		
Severance payments	<u>17,333</u>	<u>-</u>

# LIVERPOOL DIOCESAN SCHOOLS TRUST

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2018

### 11 Staff

(Continued)

#### Non statutory/non-contractual staff severance payments

Included in staff restructuring costs are non-statutory/non-contractual severance payments totalling £17,333 (2017: £nil). Individually, the payments were: £17,333 made on 31 October 2017.

#### Staff numbers

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

	2018 Number	2017 Number
Teachers	197	40
Administration and support	340	53
Management	14	9
	<u>551</u>	<u>102</u>

#### Higher paid staff

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

	2018 Number	2017 Number
£60,001 - £70,000	1	-
£70,001 - £80,000	1	-
£80,001 - £90,000	1	1
£90,001 - £100,000	1	-
	<u>4</u>	<u>1</u>

The above employee participated in the Teachers' Pension Scheme. During the year, employer's pension contributions for this member of staff amounted to £48,753 (2017: £13,921)

#### Key management personnel

The key management personnel of the academy trust comprise the Directors and Senior Management team as listed on page 1. The total amount of employee benefits (including employer pension contributions) received by key management personnel for their services to the academy trust was £867,937 (2017: £314,662).

# **LIVERPOOL DIOCESAN SCHOOLS TRUST**

## **NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)**

**FOR THE YEAR ENDED 31 AUGUST 2018**

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### **12 Directors' remuneration and expenses**

One or more Directors has been paid remuneration or has received other benefits from an employment with the academy trust in the prior year. The Headteacher and other staff Directors only received remuneration in respect of services they provided undertaking the roles of Headteacher and staff members under their contracts of employment, and not in respect of their services as Directors. Other Directors did not receive any payments, other than expenses, from the academy trust in respect of their role as Directors.

The value of Directors' remuneration and other benefits, along with their date of resignation, was as follows:

Dr S Hulme (Headteacher and director) - Resigned 31 March 2017

Remuneration £nil (2017 : £45,000 - £50,000)

Employer's pension contributions £nil (2017 : £5,000 - £10,000)

Ms J Cliff (staff director) - Resigned 31 March 2017

Remuneration £nil (2017 : £15,000 - £20,000)

Employer's pension contributions £nil (2017 : £nil - £5,000)

Mr M Leicester (staff director) - Resigned 31 March 2017

Remuneration £nil (2017 : £15,000 - £20,000)

Employer's pension contributions £nil (2017 : £nil - £5,000)

Mrs A Mulligan (staff director) - Resigned 31 March 2017

Remuneration £nil (2017 : £20,000 - £25,000)

Employer's pension contributions £nil (2017 : £nil - £5,000)

No current directors receive remuneration from the Trust.

During the year, travel and subsistence payments totalling £115 were reimbursed or paid directly to 1 director (2017: £nil).

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

### **13 Directors and officers insurance**

The academy trust has opted into the Department for Education's risk protection arrangement (RPA), an alternative to insurance where UK government funds cover losses that arise. This scheme protects trustees and officers from claims arising from negligent acts, errors or omission occurring whilst on academy business, and providers cover up to £10,000,000. It is not possible to quantify the trustees and officers indemnity element from the overall cost of the RPA scheme.

# LIVERPOOL DIOCESAN SCHOOLS TRUST

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2018

### 14 Intangible fixed assets

	<b>Computer software £</b>
<b>Cost</b>	
At 1 September 2017	41,860
Additions	7,690
	<hr/>
At 31 August 2018	49,550
	<hr/>
<b>Amortisation</b>	
At 1 September 2017	-
Charge for year	9,910
	<hr/>
At 31 August 2018	9,910
	<hr/>
<b>Carrying amount</b>	
At 31 August 2018	39,640
	<hr/> <hr/>
At 31 August 2017	41,860
	<hr/> <hr/>

### 15 Tangible fixed assets

	<b>Land and buildings £</b>	<b>Computer equipment £</b>	<b>Fixtures, fittings &amp; equipment £</b>	<b>Total £</b>
<b>Cost</b>				
At 1 September 2017	1,875,000	46,325	47,399	1,968,724
Transfer on conversion	1,189,657	76,281	123,897	1,389,835
Additions	-	52,768	8,604	61,372
	<hr/>	<hr/>	<hr/>	<hr/>
At 31 August 2018	3,064,657	175,374	179,900	3,419,931
	<hr/>	<hr/>	<hr/>	<hr/>
<b>Depreciation</b>				
At 1 September 2017	30,242	11,993	3,567	45,802
Charge for the year	19,493	34,576	24,534	78,603
	<hr/>	<hr/>	<hr/>	<hr/>
At 31 August 2018	49,735	46,569	28,101	124,405
	<hr/>	<hr/>	<hr/>	<hr/>
<b>Net book value</b>				
At 31 August 2018	3,014,922	128,805	151,799	3,295,526
	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>
At 31 August 2017	1,844,758	34,332	43,832	1,922,922
	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>

# LIVERPOOL DIOCESAN SCHOOLS TRUST

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2018

<b>16 Debtors</b>	<b>2018</b>	<b>2017</b>
	<b>£</b>	<b>£</b>
VAT recoverable	282,485	58,866
Other debtors	244,346	-
Prepayments and accrued income	650,789	125,990
	<u>1,177,620</u>	<u>184,856</u>
<b>17 Creditors: amounts falling due within one year</b>	<b>2018</b>	<b>2017</b>
	<b>£</b>	<b>£</b>
Trade creditors	568,834	123,899
Other taxation and social security	222,268	113,067
Other creditors	201,470	-
Accruals and deferred income	463,208	84,072
	<u>1,455,780</u>	<u>321,038</u>
<b>18 Deferred income</b>	<b>2018</b>	<b>2017</b>
	<b>£</b>	<b>£</b>
Deferred income is included within:		
Creditors due within one year	<u>187,346</u>	<u>-</u>
Deferred income at 1 September 2017	-	-
Resources deferred in the year	<u>187,346</u>	<u>-</u>
<b>Deferred income at 31 August 2018</b>	<u>187,346</u>	<u>-</u>

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

# LIVERPOOL DIOCESAN SCHOOLS TRUST

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2018

### 19 Funds

	Balance at 1 September 2017 £	Income £	Expenditure £	Gains, losses and transfers £	Balance at 31 August 2018 £
<b>Restricted general funds</b>					
General Annual Grant (GAG)	30,880	9,679,701	(9,798,138)	385,327	297,770
Start up grants	-	275,000	(233,733)	-	41,267
Other DfE / ESFA grants	128,969	1,030,478	(1,070,347)	-	89,100
Other government grants	-	1,218,624	(1,218,624)	-	-
Other restricted funds	2,787	516,089	(368,876)	-	150,000
Pension reserve	(2,671,000)	-	(5,985,000)	636,000	(8,020,000)
	<u>(2,508,364)</u>	<u>12,719,892</u>	<u>(18,674,718)</u>	<u>1,021,327</u>	<u>(7,441,863)</u>
<b>Restricted fixed asset funds</b>					
Transfer on conversion	1,844,758	-	1,341,614	-	3,186,372
DfE group capital grants	64,157	216,138	-	(280,295)	-
Capital expenditure from GAG	120,024	-	(40,292)	69,062	148,794
	<u>2,028,939</u>	<u>216,138</u>	<u>1,301,322</u>	<u>(211,233)</u>	<u>3,335,166</u>
<b>Total restricted funds</b>	<u>(479,425)</u>	<u>12,936,030</u>	<u>(17,373,396)</u>	<u>810,094</u>	<u>(4,106,697)</u>
<b>Unrestricted funds</b>					
General funds	<u>410,163</u>	<u>267,335</u>	<u>504,108</u>	<u>(174,094)</u>	<u>1,007,512</u>
<b>Total funds</b>	<u>(69,262)</u>	<u>13,203,365</u>	<u>(16,869,288)</u>	<u>636,000</u>	<u>(3,099,185)</u>

# **LIVERPOOL DIOCESAN SCHOOLS TRUST**

## **NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)**

**FOR THE YEAR ENDED 31 AUGUST 2018**

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### **19 Funds**

**(Continued)**

The specific purposes for which the funds are to be applied are as follows:

General Annual Grant must be used for the normal running expenses of the School and any amounts carried forward at the end of a financial period must be used in accordance with the terms of the Funding Agreement. The Trust is not subject to a limit on GAG carry forward.

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

Other government grants include LEA funding for Special Educational Needs.

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

The pension reserve represents the value of the Trust's share of the deficit in the local Government Pension Scheme.

Restricted fixed asset funds include assets inherited on conversion and expenditure out of GAG and other other capital grants and donations during the period. Depreciation will be charged against the fund.

# LIVERPOOL DIOCESAN SCHOOLS TRUST

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2018

### 19 Funds

(Continued)

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

	Balance at 1 September 2016 £	Income £	Expenditure £	Gains, losses and transfers £	Balance at 31 August 2017 £
<b>Restricted general funds</b>					
General Annual Grant (GAG)	-	3,538,359	(3,427,810)	(79,669)	30,880
Other DfE / ESFA grants	123,457	492,634	(748,247)	261,125	128,969
Other government grants	-	520,471	(520,471)	-	-
Other restricted funds	1,175	64,899	(63,269)	(18)	2,787
Pension reserve	(2,337,000)	-	(123,000)	(211,000)	(2,671,000)
	<u>(2,212,368)</u>	<u>4,616,363</u>	<u>(4,882,797)</u>	<u>(29,562)</u>	<u>(2,508,364)</u>
<b>Restricted fixed asset funds</b>					
Transfer on conversion	1,859,879	-	(15,121)	-	1,844,758
DfE group capital grants	26,860	325,194	-	(287,897)	64,157
Capital expenditure from GAG	21,047	-	(9,383)	108,360	120,024
	<u>1,907,786</u>	<u>325,194</u>	<u>(24,504)</u>	<u>(179,537)</u>	<u>2,028,939</u>
<b>Total restricted funds</b>	<u>(304,582)</u>	<u>4,941,557</u>	<u>(4,907,301)</u>	<u>(209,099)</u>	<u>(479,425)</u>
<b>Unrestricted funds</b>					
General funds	<u>384,116</u>	<u>39,543</u>	<u>(11,595)</u>	<u>(1,901)</u>	<u>410,163</u>
<b>Total funds</b>	<u>79,534</u>	<u>4,981,100</u>	<u>(4,918,896)</u>	<u>(211,000)</u>	<u>(69,262)</u>



# LIVERPOOL DIOCESAN SCHOOLS TRUST

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2018

### 19 Funds

(Continued)

A current year 12 months and prior year 12 months combined position is as follows:

	Balance at 1 September 2016 £	Income £	Expenditure £	Gains, losses and transfers £	Balance at 31 August 2018 £
<b>Restricted general funds</b>					
General Annual Grant (GAG)	-	13,218,060	(13,225,948)	305,658	297,770
Start up grants	-	275,000	(233,733)	-	41,267
Other DfE / ESFA grants	123,457	1,523,112	(1,818,594)	261,125	89,100
Other government grants	-	1,739,095	(1,739,095)	-	-
Other restricted funds	1,175	580,988	(432,145)	(18)	150,000
Pension reserve	(2,337,000)	-	(6,108,000)	425,000	(8,020,000)
	<u>(2,212,368)</u>	<u>17,336,255</u>	<u>(23,557,515)</u>	<u>991,765</u>	<u>(7,441,863)</u>
<b>Restricted fixed asset funds</b>					
Transfer on conversion	1,859,879	-	1,326,493	-	3,186,372
DfE group capital grants	26,860	541,332	-	(568,192)	-
Capital expenditure from GAG	21,047	-	(49,675)	177,422	148,794
	<u>1,907,786</u>	<u>541,332</u>	<u>1,276,818</u>	<u>(390,770)</u>	<u>3,335,166</u>
<b>Total restricted funds</b>	<u>(304,582)</u>	<u>17,877,587</u>	<u>(22,280,697)</u>	<u>600,995</u>	<u>(4,106,697)</u>
<b>Unrestricted funds</b>					
General funds	<u>384,116</u>	<u>306,878</u>	<u>492,513</u>	<u>(175,995)</u>	<u>1,007,512</u>
<b>Total funds</b>	<u>79,534</u>	<u>18,184,465</u>	<u>(21,788,184)</u>	<u>425,000</u>	<u>(3,099,185)</u>

# LIVERPOOL DIOCESAN SCHOOLS TRUST

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2018

### 19 Funds

(Continued)

#### Total funds analysis by academy

	2018	2017
	£	£
Fund balances at 31 August 2018 were allocated as follows:		
St Michael's CE High School	656,761	443,830
Bishop Martin CE Primary School	581	-
Cronton CE Primary School	123,796	-
Halewood CE Primary School	68,965	-
Holy Trinity CE Primary School	59,851	-
Huyton with Roby CE Primary School	259,347	-
Parish CE Primary School	67,030	-
St Andrew's CE Primary School	52,773	-
St James CE Primary School	149,238	-
St Thomas CE Primary School	(13,952)	-
The Beacon CE Primary School	(32,205)	-
Central services	193,464	128,969
Total before fixed assets fund and pension reserve	1,585,649	572,799
Restricted fixed asset fund	3,335,166	2,028,939
Pension reserve	(8,020,000)	(2,671,000)
Total funds	(3,099,185)	(69,262)

#### Total cost analysis by academy

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

	Teaching and educational support staff	Other support staff costs	Educational supplies	Other costs excluding depreciation	Total
	£	£	£	£	£
St Michael's CE High School	3,224,759	446,244	572,723	463,655	4,707,381
Bishop Martin CE Primary School	79,391	21,044	24,287	23,081	147,803
Cronton CE Primary School	624,459	139,320	67,201	98,825	929,805
Halewood CE Primary School	630,041	146,501	76,154	83,353	936,049
Holy Trinity CE Primary School	435,318	64,633	59,525	116,909	676,385
Huyton with Roby CE Primary School	747,115	132,633	74,996	97,855	1,052,599
Parish CE Primary School	425,674	88,801	57,287	77,859	649,621
St Andrew's CE Primary School	295,717	44,366	25,626	72,037	437,746
St James CE Primary School	377,288	84,383	42,988	64,807	569,466
St Thomas CE Primary School	491,729	102,973	80,792	331,002	1,006,496
The Beacon CE Primary School	939,527	118,108	151,344	177,621	1,386,600
Central services	-	324,382	157,100	392,232	873,714
	8,271,018	1,713,388	1,390,023	1,999,236	13,373,665

# LIVERPOOL DIOCESAN SCHOOLS TRUST

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2018

### 20 Analysis of net assets between funds

	Unrestricted Funds £	Restricted funds: General £	Fixed asset £	Total Funds £
<b>Fund balances at 31 August 2018 are represented by:</b>				
Intangible fixed assets	-	-	39,640	39,640
Tangible fixed assets	-	-	3,295,526	3,295,526
Current assets	1,092,437	1,948,992	-	3,041,429
Creditors falling due within one year	(84,925)	(1,370,855)	-	(1,455,780)
Defined benefit pension liability	-	(8,020,000)	-	(8,020,000)
<b>Total net assets</b>	<b>1,007,512</b>	<b>(7,441,863)</b>	<b>3,335,166</b>	<b>(3,099,185)</b>

	Unrestricted Funds £	Restricted funds: General £	Fixed asset £	Total Funds £
<b>Fund balances at 31 August 2017 are represented by:</b>				
Intangible fixed assets	-	-	41,860	41,860
Tangible fixed assets	-	-	1,922,922	1,922,922
Current assets	422,212	471,625	64,157	957,994
Creditors falling due within one year	(12,049)	(308,989)	-	(321,038)
Defined benefit pension liability	-	(2,671,000)	-	(2,671,000)
<b>Total net assets</b>	<b>410,163</b>	<b>(2,508,364)</b>	<b>2,028,939</b>	<b>(69,262)</b>

### 21 Pension and similar obligations

The academy trust's employees belong to two principal pension schemes: the Teachers' Pension Scheme England and Wales (TPS) for academic and related staff; and the Local Government Pension Scheme (LGPS) for non-teaching staff, which is managed by Merseyside Pension Fund. Both are multi-employer defined benefit schemes.

The pension costs are assessed in accordance with the advice of independent qualified actuaries. The latest actuarial valuation of the TPS related to the period ended 31 March 2012 and that of the LGPS related to the period ended 31 March 2013.

#### Teachers' Pension Scheme

##### Introduction

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. Membership is automatic for full-time teachers in academies and, from 1 January 2007, automatic for teachers in part-time employment following appointment or a change of contract, although they are able to opt out.

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. Retirement and other pension benefits are paid by public funds provided by Parliament.

# LIVERPOOL DIOCESAN SCHOOLS TRUST

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2018

### 21 Pension and similar obligations

(Continued)

#### Valuation of the Teachers' Pension Scheme

The Government Actuary, using normal actuarial principles, conducts a formal actuarial review of the TPS in accordance with the Public Service Pensions (Valuations and Employer Cost Cap) Directions 2014 published by HM Treasury. The aim of the review is to specify the level of future contributions. Actuarial scheme valuations are dependent on assumptions about the value of future costs, design of benefits and many other factors. The latest actuarial valuation of the TPS was carried out as at 31 March 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 on 9 June 2014.

The key elements of the valuation and subsequent consultation are:

- employer contribution rates set at 16.48% of pensionable pay (including a 0.08% employer administration charge)
- total scheme liabilities (pensions currently in payment and the estimated cost of future benefits) for service to the effective date of £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 will be applied to future valuations
- 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%

During the year ended 31 August 2015 the employer contribution rate was 14.1%. The TPS valuation for 2012 determined an employer rate of 16.48%, which was payable from 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.

The pension costs paid to the TPS in the period amounted to £748,005.

A copy of the valuation report and supporting documentation is on the Teachers' Pensions website.

Under the definitions set out in FRS 102, the TPS is an unfunded multi-employer pension scheme. The academy trust has accounted for its contributions to the scheme as if it were a defined contribution scheme. The academy trust has set out above the information available on the scheme.

#### Local Government Pension Scheme

The Trust participates in the Merseyside and Greater Manchester local government pension schemes. The LGPS are funded defined-benefit schemes, with the assets held in separate trustee-administered funds. The total contributions are as noted below. The agreed contribution rates for future years are 18.8% for employers and 5.5-12.5% for employees. The estimated value of employer contributions for the forthcoming year is £195,000.

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

The LGPS obligation relates to the employees of the academy trust who were employees transferred as part of the conversion from the maintained school (as described in note 27) together with new employees who joined the scheme in the period. The obligation in respect of employees who transferred on conversion represents their cumulative service at both the predecessor school and the academy trust at the balance sheet date.

Parliament has agreed, at the request of the Secretary of State for Education, to a guarantee that, in the event of academy closure, outstanding Local Government Pension Scheme liabilities would be met by the Department for Education. The guarantee came into force on 18 July 2013.

# LIVERPOOL DIOCESAN SCHOOLS TRUST

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2018

### 21 Pension and similar obligations

(Continued)

Total contributions made	2018 £	2017 £
Employer's contributions	630,000	173,000
Employees' contributions	155,000	42,000
Total contributions	<u>785,000</u>	<u>215,000</u>

Principal actuarial assumptions	2018 %	2017 %
Rate of increase in salaries	3.1-3.7	3.7
Rate of increase for pensions in payment/inflation	2.2-2.3	2.2
Discount rate for scheme liabilities	2.8-2.9	2.4
Inflation assumption (CPI)	<u>2.1-2.2</u>	<u>2.2</u>

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

	2018 Years	2017 Years
Retiring today		
- Males	21.5-22.0	21.6
- Females	24.1-24.8	24.7
Retiring in 20 years		
- Males	23.7-25.0	24.2
- Females	<u>26.2-27.8</u>	<u>27.7</u>

A 0.1% increase in the discount rate reduces the liability as at 31 August 2018 from £8,020,000 to £7,816,000. A 0.1% increase in the inflation assumption increases the liability to £8,288,000 and a 1 year increase in life expectancy increases the liability to £8,217,000.

The academy trust's share of the assets in the scheme	2018 Fair value £	2017 Fair value £
Equities	2,129,000	599,000
Government bonds	233,000	39,000
Other bonds	353,000	139,000
Cash/liquidity	166,000	55,000
Property	331,000	92,000
Other assets	619,000	221,000
Total market value of assets	<u>3,831,000</u>	<u>1,145,000</u>

The actual return on scheme assets was £159,000 (2017: £572,000).

# LIVERPOOL DIOCESAN SCHOOLS TRUST

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2018

### 21 Pension and similar obligations

(Continued)

Amount recognised in the Statement of Financial Activities	2018 £	2017 £
Current service cost	825,000	245,000
Interest income	(61,000)	(10,000)
Interest cost	211,000	57,000
Administration expenses	12,000	4,000
Total operating charge	987,000	296,000

Changes in the present value of defined benefit obligations	2018 £	2017 £
At 1 September 2017	3,816,000	2,709,000
Obligations acquired on conversion	7,424,000	-
Current service cost	825,000	245,000
Interest cost	211,000	57,000
Employee contributions	155,000	42,000
Actuarial (gain)/loss	(538,000)	773,000
Benefits paid	(42,000)	(10,000)
At 31 August 2018	11,851,000	3,816,000

Changes in the fair value of the academy trust's share of scheme assets	2018 £	2017 £
At 1 September 2017	1,145,000	372,000
Assets acquired on conversion	1,796,000	-
Interest income	61,000	10,000
Actuarial gain	98,000	562,000
Employer contributions	630,000	173,000
Employee contributions	155,000	42,000
Benefits paid	(42,000)	(10,000)
Administrative expenses	(12,000)	(4,000)
At 31 August 2018	3,831,000	1,145,000

## LIVERPOOL DIOCESAN SCHOOLS TRUST

### NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2018

#### 22 Reconciliation of net (expenditure)/income to net cash flow from operating activities

	2018 £	2017 £
Net (expenditure)/income for the reporting period (as per the Statement of Financial Activities)	(3,665,923)	62,204
Adjusted for:		
Net deficit on conversion to academy	3,407,380	-
Capital grants from DfE/ESFA and other capital income	(216,138)	(325,194)
Investment income receivable	(791)	(573)
Defined benefit pension costs less contributions payable	207,000	76,000
Defined benefit pension net finance cost	150,000	47,000
Depreciation of tangible fixed assets	88,513	24,504
(Increase) in debtors	(753,529)	(103,821)
Increase in creditors	1,134,742	186,882
<b>Net cash provided by/(used in) operating activities</b>	<b>351,254</b>	<b>(32,998)</b>

#### 23 Commitments under operating leases

At 31 August 2018 the total of the academy trust's future minimum lease payments under non-cancellable operating leases was:

	2018 £	2017 £
Amounts due within one year	12,880	-
Amounts due in two and five years	21,571	-
	<b>34,451</b>	<b>-</b>

#### 24 Related party transactions

The Venerable R Preece, a Director, is also a Trustee of Liverpool Diocesan Board of Finance.

During the year, the Trust were awarded a donation of £250,000 from the Liverpool Diocesan Board of Finance, of which £100,000 was received in the year and £150,000 is to be received in the year ended 31 August 2018.

The Liverpool Diocesan Board of Finance also paid, on behalf of the Trust, creditors outstanding at 31 August 2017 of £44,490. This has been treated as a donation to the Trust.

The Trust paid the Liverpool Diocesan Board of Finance a total of £452 for DBS checks in the year. There were no amounts outstanding at the year end.

Liverpool Hope University is a related party as Mrs M Swinson is a Director. The Trust received £1,950 from Liverpool Hope University for student teacher training. There were no amounts due at the year end.

# LIVERPOOL DIOCESAN SCHOOLS TRUST

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2018

### 25 Members' liability

Each member of the charitable company undertakes to contribute to the assets of the company in the event of it being wound up while he or she is a member, or within one year after he or she ceases to be a member, such amount as may be required, not exceeding £10 for the debts and liabilities contracted before he or she ceases to be a member.

### 26 Agency arrangements

The academy trust distributes 16-19 bursary funds to students as an agent for ESFA. In the accounting period ending 31 August 2017 the trust received £11,026 and disbursed £11,026 from the fund. An amount of £nil (2016 £nil) is included in other creditors relating to undistributed funds that is repayable to ESFA.

### 27 Conversion to an academy

During the year, the schools stated below converted to academy trust status under the Academies Act 2010 and all the operations and assets and liabilities were transferred to Liverpool Diocesan Schools Trust from their Local Authority for £nil consideration.

The transfer has been accounted for as a combination that is in substance a gift. The assets and liabilities transferred were valued at their fair values and recognised in the balance sheet under the appropriate headings with a corresponding net amount recognised as a net loss in the statement of financial activities as charitable activities – transfer from local authority on conversion.

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

Academy	Location	Date of conversion
Bishop Martin CE Primary School	Liverpool	1 July 2018
Cronton CE Primary School	Widnes	1 October 2017
Halewood CE Primary School	Liverpool	1 October 2017
Holy Trinity CE Primary School	Southport	1 February 2018
Huyton with Roby CE Primary School	Liverpool	1 February 2018
Parish CE Primary School	St Helens	1 February 2018
St Andrew's CE Primary School	Maghull	1 May 2018
St James CE Primary School	Wigan	1 February 2018
St Thomas CE Primary School	Liverpool	1 November 2017
The Beacon CE Primary School	Liverpool	1 December 2017

	2018 £
<b>Net assets transferred:</b>	
Leasehold land and buildings	1,189,657
Other tangible fixed assets	200,178
Cash	591,550
LGPS pension surplus/(deficit)	(5,628,000)
Cash inherited and accrued within debtors	239,235
	<u>(3,407,380)</u>



# LIVERPOOL DIOCESAN SCHOOLS TRUST

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2018

### 27 Conversion to an academy

(Continued)

	Unrestricted Funds	Restricted funds: General	Fixed asset	Total 2018
Fixed assets funds	-	-	1,389,835	1,389,835
LGPS pension funds	-	(5,628,000)	-	(5,628,000)
Other funds	830,785	-	-	830,785
	<u>830,785</u>	<u>(5,628,000)</u>	<u>1,389,835</u>	<u>(3,407,380)</u>

A further breakdown by School is shown below. Where land and buildings have been inherited, these relate to school playing fields leased to the Trust, under a 125 year lease from the Local Authority. These have been valued by staff using the square metre value, previously used by the ESFA, on the starter school. Where other tangible assets are inherited, an assessment was undertaken by staff of assets held at conversion date and where these assets held a depreciated cost valuation, within the Trust's capitalisation policy, the relevant amount was incorporated into the accounts. Other funds inherited on conversion include the LGPS deficit and unrestricted cash balances, from the Local Authority budget and other School funds.

#### Bishop Martin CE Primary School

	2018 £
<b>Net assets transferred:</b>	
Leasehold land and buildings	70,047
Other tangible fixed assets	22,170
Cash	-
LGPS pension surplus/(deficit)	(457,000)
	<u>(364,783)</u>

	Unrestricted Funds £	Restricted funds: General £	Fixed asset £	Total 2018 £
<b>Funds surplus/(deficit) transferred:</b>				
Fixed assets funds	-	-	92,217	92,217
LGPS pension funds	-	(457,000)	-	(457,000)
Other funds	-	-	-	-
	<u>-</u>	<u>(457,000)</u>	<u>92,217</u>	<u>(364,783)</u>

# LIVERPOOL DIOCESAN SCHOOLS TRUST

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2018

### 27 Conversion to an academy

(Continued)

#### Cronton CE Primary School

	2018 £
<b>Net assets transferred:</b>	
Leasehold land and buildings	99,110
Other tangible fixed assets	9,907
Cash	52,192
LGPS pension surplus/(deficit)	(559,000)
	<u>(397,791)</u>

	Unrestricted Funds £	Restricted funds: General £	Fixed asset £	Total 2018 £
<b>Funds surplus/(deficit) transferred:</b>				
Fixed assets funds	-	-	109,017	109,017
LGPS pension funds	-	(559,000)	-	(559,000)
Other funds	52,192	-	-	52,192
	<u>52,192</u>	<u>(559,000)</u>	<u>109,017</u>	<u>(397,791)</u>

#### Halewood CE Primary School

	2018 £
<b>Net assets transferred:</b>	
Leasehold land and buildings	141,818
Other tangible fixed assets	15,986
Cash	22,983
LGPS pension surplus/(deficit)	(627,000)
	<u>(446,213)</u>

	Unrestricted Funds £	Restricted funds: General £	Fixed asset £	Total 2018 £
<b>Funds surplus/(deficit) transferred:</b>				
Fixed assets funds	-	-	157,804	157,804
LGPS pension funds	-	(627,000)	-	(627,000)
Other funds	22,983	-	-	22,983
	<u>22,983</u>	<u>(627,000)</u>	<u>157,804</u>	<u>(446,213)</u>

# LIVERPOOL DIOCESAN SCHOOLS TRUST

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2018

### 27 Conversion to an academy

(Continued)

#### Holy Trinity CE Primary School

	2018 £
<b>Net assets transferred:</b>	
Leasehold land and buildings	-
Other tangible fixed assets	17,581
Cash	126,630
LGPS pension surplus/(deficit)	(782,000)
	<u>(637,789)</u>

	Unrestricted Funds £	Restricted funds: General £	Fixed asset £	Total 2018 £
<b>Funds surplus/(deficit) transferred:</b>				
Fixed assets funds	-	-	17,581	17,581
LGPS pension funds	-	(782,000)	-	(782,000)
Other funds	126,630	-	-	126,630
	<u>126,630</u>	<u>(782,000)</u>	<u>17,581</u>	<u>(637,789)</u>

#### Huyton with Roby CE Primary School

	2018 £
<b>Net assets transferred:</b>	
Leasehold land and buildings	221,989
Other tangible fixed assets	35,515
Cash	252,624
LGPS pension surplus/(deficit)	(666,000)
	<u>(155,872)</u>

	Unrestricted Funds £	Restricted funds: General £	Fixed asset £	Total 2018 £
<b>Funds surplus/(deficit) transferred:</b>				
Fixed assets funds	-	-	257,504	257,504
LGPS pension funds	-	(666,000)	-	(666,000)
Other funds	252,624	-	-	252,624
	<u>252,624</u>	<u>(666,000)</u>	<u>257,504</u>	<u>(155,872)</u>

# LIVERPOOL DIOCESAN SCHOOLS TRUST

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2018

### 27 Conversion to an academy

(Continued)

#### Parish CE Primary School

	2018 £
<b>Net assets transferred:</b>	
Leasehold land and buildings	-
Other tangible fixed assets	19,683
Cash	72,923
LGPS pension surplus/(deficit)	(609,000)
	<u>(516,394)</u>

	Unrestricted Funds £	Restricted funds: General £	Fixed asset £	Total 2018 £
<b>Funds surplus/(deficit) transferred:</b>				
Fixed assets funds	-	-	19,683	19,683
LGPS pension funds	-	(609,000)	-	(609,000)
Other funds	72,923	-	-	72,923
	<u>72,923</u>	<u>(609,000)</u>	<u>19,683</u>	<u>(516,394)</u>

#### St Andrew's CE Primary School

	2018 £
<b>Net assets transferred:</b>	
Leasehold land and buildings	315,199
Other tangible fixed assets	32,466
Cash	54,231
LGPS pension surplus/(deficit)	(592,000)
	<u>(190,104)</u>

	Unrestricted Funds £	Restricted funds: General £	Fixed asset £	Total 2018 £
<b>Funds surplus/(deficit) transferred:</b>				
Fixed assets funds	-	-	347,665	347,665
LGPS pension funds	-	(592,000)	-	(592,000)
Other funds	54,231	-	-	54,231
	<u>54,231</u>	<u>(592,000)</u>	<u>347,665</u>	<u>(190,104)</u>

# LIVERPOOL DIOCESAN SCHOOLS TRUST

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2018

### 27 Conversion to an academy

(Continued)

#### St James CE Primary School

	2018 £
<b>Net assets transferred:</b>	
Leasehold land and buildings	217,983
Other tangible fixed assets	8,253
Cash	157,131
LGPS pension surplus/(deficit)	(331,000)
	<u>52,367</u>

	Unrestricted Funds £	Restricted funds: General £	Fixed asset £	Total 2018 £
<b>Funds surplus/(deficit) transferred:</b>				
Fixed assets funds	-	-	226,236	226,236
LGPS pension funds	-	(331,000)	-	(331,000)
Other funds	157,131	-	-	157,131
	<u>157,131</u>	<u>(331,000)</u>	<u>226,236</u>	<u>52,367</u>

#### St Thomas CE Primary School

	2018 £
<b>Net assets transferred:</b>	
Leasehold land and buildings	123,511
Other tangible fixed assets	-
Cash	79,758
LGPS pension surplus/(deficit)	(488,000)
	<u>(284,731)</u>

	Unrestricted Funds £	Restricted funds: General £	Fixed asset £	Total 2018 £
<b>Funds surplus/(deficit) transferred:</b>				
Fixed assets funds	-	-	123,511	123,511
LGPS pension funds	-	(488,000)	-	(488,000)
Other funds	79,758	-	-	79,758
	<u>79,758</u>	<u>(488,000)</u>	<u>123,511</u>	<u>(284,731)</u>

# LIVERPOOL DIOCESAN SCHOOLS TRUST

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2018

### 27 Conversion to an academy

(Continued)

#### The Beacon CE Primary School

	2018 £
<b>Net assets transferred:</b>	
Leasehold land and buildings	-
Other tangible fixed assets	38,617
Cash	12,313
LGPS pension surplus/(deficit)	(517,000)
	<u>(466,070)</u>

	Unrestricted Funds £	Restricted funds: General £	Fixed asset £	Total 2018 £
<b>Funds surplus/(deficit) transferred:</b>				
Fixed assets funds	-	-	38,617	38,617
LGPS pension funds	-	(517,000)	-	(517,000)
Other funds	12,313	-	-	12,313
	<u>12,313</u>	<u>(517,000)</u>	<u>38,617</u>	<u>(466,070)</u>



Liverpool Diocesan Schools Trust

MHA Moore and Smalley  
Richard House  
9 Winckley Square  
Preston  
PR1 3HP

Dear Sirs

The following representations are made on the basis of enquiries of management and staff with relevant knowledge and experience such as we consider necessary in connection with your audit of the academy trust's financial statements and as, relevant, your assurance engagement on regularity for the year ended 31 August 2018. These enquiries have included inspection of supporting documentation where appropriate. All representations are made to the best of our knowledge and belief.

- 1 We have fulfilled our responsibilities as governors as set out in the terms of your engagement letter dated 15 August 2016, under the Companies Act 2006 for preparing financial statements in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice), for being satisfied that they give a true and fair view and for making accurate representations to you.
- 2 All the transactions undertaken by the academy trust have been properly reflected and recorded in the accounting records.
- 3 All the accounting records have been made available to you for the purpose of your audit and regularity assurance engagement. We have provided you with unrestricted access to all appropriate persons within the academy trust, and with all other records and related information, including minutes of management meetings and correspondence with the Education Funding Agency, Department for Education and the Charity Commission.
- 4 The financial statements are free of material misstatements, including omissions.
- 5 We approve the adjustments made to the draft statutory accounts as set out in your audit findings report.
- 6 The effects of uncorrected misstatements (as set out in the audit findings report) are immaterial both individually and in total.
- 7 We acknowledge our responsibility for the design, implementation and maintenance of internal control systems to prevent and detect fraud and error and which conform to the requirements both of propriety and good financial management. We have disclosed to you the results of our risk assessment that the financial statements may be misstated as a result of fraud.
- 8 We have disclosed to you all instances of known or suspected fraud affecting the entity involving management, employees who have a significant role in internal control or others that could have a material effect on the financial statements.
- 9 We have also disclosed to you all information in relation to allegations of fraud or suspected fraud affecting the entity's financial statements communicated by current or former employees, analysts, regulators or others.

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Liverpool Diocesan Schools Trust

- 10 The academy trust has satisfactory title to all assets and there are no liens or encumbrances on the academy trust's assets, except for those that are disclosed in the notes to the financial statements.
- 11 All actual liabilities, contingent liabilities and guarantees given to third parties have been recorded or disclosed as appropriate.
- 12 We have no plans or intentions that may materially alter the carrying value and where relevant the fair value measurements or classification of assets and liabilities reflected in the financial statements.
- 13 Significant assumptions used by us in making accounting estimates, including those measured at fair value, are reasonable.
- 14 The academy trust has not granted any advances or credits to, or made guarantees on behalf of governors other than those disclosed in the financial statements.
- 15 We have disclosed to you all claims in connection with litigation that have been, or are expected to be, received and such matters, as appropriate, have been properly accounted for, and disclosed in, the financial statements.
- 16 We have disclosed to you all known instances of non-compliance or suspected non-compliance with laws and regulations whose effects should be considered when preparing the financial statements.
- 17 Related party relationships and transactions comply with the academy trust's financial regulations, relevant requirements of the Academies Financial Handbook and have been appropriately accounted for and disclosed in the financial statements. We have disclosed to you all relevant information concerning such relationships and transactions and are not aware of any other matters which require disclosure in order to comply with the requirements and guidance set out in the Companies Act 2006, the Charities SORP and the Annual Accounts Direction issued by the Education Funding Agency.
- 18 All events subsequent to the date of the financial statements which require adjustment or disclosure have been properly accounted for and disclosed.
- 19 We believe that the academy trust's financial statements should be prepared on a going concern basis on the grounds that current and future sources of funding or support will be more than adequate for the academy trust's needs. We have considered a period of twelve months from the date of approval of the financial statements. We believe that no further disclosures relating to the academy trust's ability to continue as a going concern need to be made in the financial statements.
- 20 Grants made by the Department of Education and Education Funding Agency have been applied for the purposes intended and the Accounting Officer has ensured regular and proper use and value for money of monies received from government.
- 21 All other grants, donations and other income, the receipt of which is subject to specific terms or conditions, have been notified to you. There have been no breaches of terms or conditions in the application of such income.
- 22 We confirm the following specific representations made to you during the course of your audit:

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 **THE CHURCH  
OF ENGLAND**



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