

Liverpool College Independent School Trust

**Annual Report and Consolidated
Financial Statements**

**For The Year Ended
31 August 2019**



LIVERPOOL COLLEGE INDEPENDENT SCHOOL TRUST

CONTENTS

	Page
Reference and Administrative Details	1
Governors' Report	2
Goverance Statement	12
Statement of Regularity, Propriety and Compliance	17
Statement of Governors' Responsibilities	18
Independent Auditor's Report on the Financial Statements	19
Independent Reporting Accountant's Report on Regularity	22
Consolidated Statement of Financial Activities (Incorporating the Income & Expenditure Account and the Statement of Total Recognised Gains and Losses)	24
Balance Sheets	25
Cash Flow Statement	26
Notes to the Financial Statement Incorporating:	
Statement of Accounting Policies	27
Other Notes to the Financial Statements	32

LIVERPOOL COLLEGE INDEPENDENT SCHOOL TRUST
GOVERNORS' REPORT (CONTINUED)
FOR THE YEAR ENDED 31 AUGUST 2019

Method of recruitment and appointment or election of governors (continued)

The Governors are appointed by the following:

Parent governors	Elected by parents of the pupils of the Academy
Staff governor	Elected by staff of the Academy
Foundation governors	Appointed by the Trustees of Liverpool College
University governor	Appointed by the Vice Chancellor of the University of Liverpool

Policies and procedures adopted for the induction and training of governors

The Academy maintains an induction handbook for new governors. The Academy also funds, via an external provider, training opportunities for Governors, including specific induction training.

Organisational structure

The Academy is governed by its Governing Body, whose members are directors of the charitable company for the purposes of the Companies Act 2006 and trustees for the purposes of charity legislation. The organisational structure of the Academy consists of 3 levels: the Governing Body, the Principal, and the Senior Leadership Team.

The Governing Body is responsible for setting general policies, adopting a college development plan and budget, monitoring the Academy's performance, making major policy decisions, appointing senior staff, and through its various committees, overseeing the general strategic operation of the Academy. Certain elements of these responsibilities are delegated to the following sub committees who make recommendations to the full Governing Body:

- Education
- Operations
- Strategy

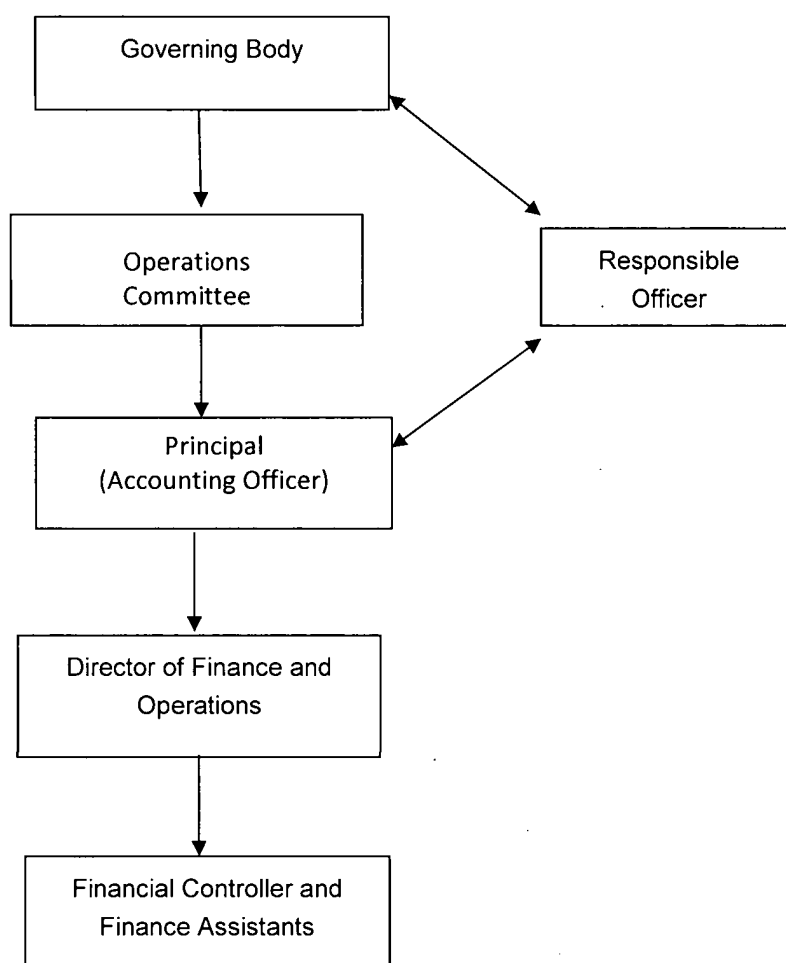
The Principal is also the Accounting Officer and in addition to the responsibilities associated with this role has responsibility for the strategic direction of the Academy, the day to day management of the Academy and its curriculum delivery.

The Executive Leadership Team comprises:

- H van Mourik Broekman
- Mrs H Cassidy
- Mrs A Haynes
- C Flynn

The Operations Committee (formerly the Finance, Estates and Resources Committee) of the Governing Body together with the Principal and Director of Finance and Operations will ensure the effective allocation of resources to appropriate budget holders for staffing, premises, administration, curriculum resources and pupil services. An annual budget is presented to the Governing Body for approval and regular financial statements are reviewed by the Governing Body, initially via its Operations Committee. Various levels of responsibility are set out in the Academy's Financial Procedures Manual and, as required in these procedures, governors make decisions when required and as appropriate as set out therein.

LIVERPOOL COLLEGE INDEPENDENT SCHOOL TRUST
GOVERNORS' REPORT (CONTINUED)
FOR THE YEAR ENDED 31 AUGUST 2019



Arrangements for setting pay and remuneration of key management personnel

The Governors Pay Committee meets to consider the pay and remuneration of the academy's key management personnel. Staff, who are paid on the Leadership Spine must demonstrate sustained high-quality performance, with particular regard to leadership, management and pupil progress at the school and will be subject to a review of performance against performance objectives before any performance points will be awarded. Annual pay progression within the range for this post is not automatic and is linked to performance.

All key management are performance managed and have their whole school targets set as well as specific personal targets. These targets are reviewed as part of the performance management process. This is done within the framework of the Governors' Pay Policy.

LIVERPOOL COLLEGE INDEPENDENT SCHOOL TRUST
GOVERNORS' REPORT (CONTINUED)
FOR THE YEAR ENDED 31 AUGUST 2019

Trade Union Facility Time

The Trust does not have any staff who are relevant union officials.

Related parties and other connected charities and organisations

The Academy has been formed out of the former Liverpool College Independent School. The Liverpool College Foundation continues to exist and supports the work of the Academy. Following a strategic review of its operations the Foundation ceased to offer International and boarding facilities to eligible students from 1st September 2016. The Academy has agreed to carry on the boarding education provisions and this provision is currently under discussion with the ESFA whilst a strategy is agreed going forward. As the original College was founded in 1840 a number of historic links, particularly to former pupils, exist and this may be a source of donations or other financial support to the Academy going forward.

Objectives and Activities

Objects and Aims

The main objects of the Academy 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 a generality of the foregoing, by establishing, maintaining, carrying on, managing and developing a Church of England school designated as such which shall offer a broad and balanced curriculum and shall be conducted in accordance with the principles, practices and tenets of the Church of England including any Memorandum and Articles governing the use of land used by the Academy 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 Bishop.

Strategies and Activities

The Academy's main strategy is encompassed in its mission statement and its school motto which is:

Non Solum ingenii verum etiam virtutis - Not only the Intellect but also the Character.

Mission Statement - Liverpool College values the dignity of each individual and promotes the development of character and learning through a commitment to high standards within a caring community.

Core Values

We recognise that all pupils have different talents and strive to ensure that every pupil has an equal opportunity to find and develop the talents they do possess

We believe that the development of spirituality, character, intellect and creativity are the primary aims of education.

We work together to create a happy and caring school community which is engaged in our local community and the wider world

We pursue high standards in every area of school life

To this end the activities provided include:

- Tuition and learning opportunities for all pupils to attain appropriate academic qualifications
- Training opportunities for all staff, especially teaching staff
- A programme of sporting and after school leisure activities for all pupils.
- A system of after school clubs to allow pupils to explore topics in a practical manner

LIVERPOOL COLLEGE INDEPENDENT SCHOOL TRUST
GOVERNORS' REPORT (CONTINUED)
FOR THE YEAR ENDED 31 AUGUST 2019

Objectives, strategies and activities

The main objectives for the period were:

- To work with the Education and Skills Funding Agency (ESFA) to further develop a strategy for the future funding of the Academy and its projected growth

These were achieved by working with the ESFA, Governing Body, Trustees, Staff, parents and other associated parties.

Public benefit

In setting objectives and planning activities, the Board of Governors have paid due regard to the published guidance from the Charity Commission on the operation of the Public Benefit requirement under the Charities Act 2006.

Strategic Report

Achievements and Performance

During the course of the period the Principal has reported on the following:

- Academic Results
- Admissions and admission appeals
- Boarding
- Careers Provision
- Classics for All/ Liverpool Classics Hub
- College Fund and Capital Income Donations
- College Development Plan – Development and Review
- Communication
- Curriculum and Curriculum Staffing Review
- Dashboard – data analysis and information
- Facilities
- GDPR
- Inclusion
- Learning Strategy
- MAT
- Ofsted
- Partnerships
- Pupil Premium
- Reporting systems
- Safeguarding
- Schools Direct
- Sixth Form Strategy
- Staffing, staffing issues and School Organisation (including Leadership Structures)
- Strategic update
- Term dates
- Traffic
- Uniform and Uniform Policy

LIVERPOOL COLLEGE INDEPENDENT SCHOOL TRUST
GOVERNORS' REPORT (CONTINUED)
FOR THE YEAR ENDED 31 AUGUST 2019

Key performance indicators

This reporting period represents the Academy's sixth period of operation and it has set strategic goals related to achievement, progress, engagement, destinations and its provision. These goals are monitored closely by the Board of Governors. Some 1,072 pupils applied and sat the banding test in October 2018 for admission to year 7 of the College in September 2019. All the children sat the banding test in line with the funding agreement. Total main school pupils in the academic year ended 31st August 2019 numbered 1,381 (including 245 in the sixth form) and the Academy had full complements in all year groups up to and including Year 11. A total of 114 admission appeals were heard during the course of the year (2017-18 was 79).

The College provides a balanced curriculum that encourages students to achieve their potential. Highlights of the 2019 examination results include 45.2% A*-B pass rates at A level (2018 – 55%) and in respect of the GCSE there is was an amended structure of results introduced from 2018 with A*-G being replaced with a number scale 9-1 (with 9 being the highest (which is effectively above the old A* grade)) the equivalent 33.3% A*-A pass rates in 2019 (2018 - 32%).

Pupil attendance for 2018-19 (full year 2017/18 and 2016/17 figures shown for comparison purposes)

	Pre-prep	Prep School	Upper School	Sixth Form	Whole School
2018-19	96.2%	96.9%	95.5%	92.9%	95.4%
2017-18	95.9%	96.6%	95.4%	91.6%	95.3%
2016/17	95.7%	96.8%	95.5%	93.5%	95.3%

Punctuality – Report showing percentage of pupils in terms of lateness to Michaelmas 2019

	Pre-prep	Prep School	Upper School	Sixth Form	Whole School
2018-19	0.4%	0.5%	2.6%	3.4%	2.0%
2017-18	0.3%	0.3%	2.2%	3.2%	1.8%
2016/17	0.5%	1.2%	1.7%	2.7%	1.7%

Achievement – Results from external examinations are as follows:

The structure of results changed in the summer of 2018 with the letter grades being replaced by number grades, this change in structure and the way results are reported makes analysis more complex

	A*-B at A' Level	A*-E at A'Level	A*-A at GCSE	5 A*-C (inc Eng & Maths)
2019	45%	98%	33% (equivalent)	75% (equivalent)
2018	55%	92%	32% (equivalent)	80% (equivalent)
2017	63%	99%	31%	90%

Progress 8 figures 0.27 - 2019 (0.14 - 2018)

Staff Turnover

	Retirements	Alternative Employment	Other leaver	Recruitment
Teaching	0	4	3	8
Support	0	3	11	29

Staff Ratios

Pupil teacher ratio is 1:18.4

LIVERPOOL COLLEGE INDEPENDENT SCHOOL TRUST
GOVERNORS' REPORT (CONTINUED)
FOR THE YEAR ENDED 31 AUGUST 2019

Going concern

Free reserves as at the end of August 2019 are £204,788. The budget for 2019/2020 currently shows an in year overspend of £180k. The Trust has sufficient reserves to fund the proposed deficit for 2019/20 and is also reviewing its cost base to ensure sustainability going forward.

Having consideration of the above, and after making appropriate enquiries, the Governing Body therefore has a reasonable expectation that the Academy has adequate resources to continue in operational existence for the foreseeable future. For this reason, it continues to adopt the going concern basis in preparing the financial statements. Further details regarding the adoption of the going concern basis can be found in the Statement of Accounting Policies.

Financial Review

The Academy's total incoming resources during the period were £12,098,567 (2018: £8,452,469).

The majority of the Academy's income derives from central government funding via the Education and Skills Funding Agency, in the form of current grants. Total funding received for the School's educational operations in the period was £7,308,033 (2018: £7,086,424) and further details are provided in Note 3 to the accounts.

Total outgoing resources for the period were £10,026,754 (2018 £9,072,741), the majority of which related to the direct provision of educational operations £9,502,607 (2018 £8,610,688).

At the period end the Academy's total reserves were £34,821,024, including unrestricted funds of £204,788, general restricted funds of £189,284, pension reserve of (£301,000) and restricted fixed asset funds of £34,727,952. The balances on general restricted funds relate to £189,284 of funding received in the period which is due to be spent in 2019/20 in accordance with the terms of funding. Further detail is provided in Note 15.

At 31 August 2019 all assets shown in the financial statements were used exclusively for providing education and associated support services to students of the Academy.

Reserves policy

Reserves held as at 31 August 2019 were as follows:

	£
Total reserves	34,821,024
Add back pension reserve	301,000
Less reserves attributable to fixed assets	(34,727,952)
Unrestricted and general restricted funds	394,072
Less other restricted funds	(189,284)
Free reserves	204,788

LIVERPOOL COLLEGE INDEPENDENT SCHOOL TRUST
GOVERNORS' REPORT (CONTINUED)
FOR THE YEAR ENDED 31 AUGUST 2019

Reserves policy

The Governors review reserve levels of the Academy annually. This review encompasses the nature of the income and expenditure stream, the need to match income with commitments, the uncertainty surrounding the levels of future funding and the nature of reserves.

It is the Governors' aim to build a reserve to compensate for anticipated fluctuations in income or pupil numbers, revision or removal of grants and changes to the local and national funding formulas.

Restricted GAG reserves

The Governors have considered the level of GAG reserves which they believe will provide sufficient working capital to cover delays between the spending and receipt of grants and unexpected or planned future revenue and capital costs. The Governors believe that, under normal circumstances, the appropriate level of GAG reserve should be between 2% and 5% of GAG income and aim to keep the reserve within these parameters.

At 31 August 2019 the school only held GAG reserves of £Nil. The Governors will seek to increase this reserve in future years as funding allows.

Unrestricted reserves

In addition to the GAG reserve, which can only be utilised for the restricted purposes set out in the Funding Agreement, the Academy holds unrestricted free reserves, which provide additional working capital and are not committed or designated. It is the Governors' policy to aim to hold approximately 3 months' expenditure in unrestricted reserves, to provide an additional cushion over and above the restricted GAG reserve.

At 31 August 2019 the level of unrestricted reserves held was £204,788.

Investment policy

All investments are agreed by the Governing Body, which has regard to the Charity Commission guidance in relation to charity investment policy. The Academy does not currently hold any investments other than cash, which is held for its normal operations. The Governing Body has adopted a low risk strategy to its cash holdings. Surplus cash is held in an instant access account to ensure that there is always sufficient cash to meet short and medium-term requirements.

Principal risks and uncertainties

One of the considerations involved in the decision to convert from a fee paying Independent School to an Academy was the uncertainty surrounding pupil numbers. In consultation with the DfE the Academy has developed its plans to address this issue which does include an element of risk if the pupil numbers do not materialise as forecast. Initial indications show that the Academy is on track to meet its expectations in this regard. Accommodation has been enhanced to provide additional provision. The Academy has a growth plan in respect of pupil numbers to move towards financial viability. Further capital building will be required to accommodate the additional numbers and discussions with regard to funding are currently underway.

Fundraising

Under the provisions of the Charities (Protection and Social Investment) Act 2016 the following section outlines information on fundraising practices. The areas covered are included in section 13 of the Act and include:

- **Approach to fundraising**
 - The College seeks voluntary contributions towards educational trips and activities, where appropriate, to allow for the development of both educational and enrichment activities on behalf of the pupils.

LIVERPOOL COLLEGE INDEPENDENT SCHOOL TRUST
GOVERNORS' REPORT (CONTINUED)
FOR THE YEAR ENDED 31 AUGUST 2019

- The College invites voluntary donations from parents, alumni, friends and other stakeholders for general or targeted school funding programmes, these may include specific capital projects

The College does not work with any commercial participators/professional fundraisers and consequently does not put parents or other donors under undue pressure to donate

Risk management

In the current economic climate funding is always going to feature strongly as a risk factor and in an area with falling rolls and high-quality competition the ability to attract and retain pupils whether at Year 7 or Sixth Form will continue to offer challenges moving forward.

The Risk and Control Framework

The Academy's system of internal financial control is based upon a framework of regular management information and administrative procedures including a 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 Governors
- Regular reviews by the Operations Committee (formerly the Finance, Estates and Resources Committee) of reports which indicate financial performance against the forecasts and of major purchase plans, capital works and expenditure programmes
- Delegation of authority and segregation of duties
- Clearly defined purchasing (asset purchase or capital investment) guidelines
- Setting targets to measure financial and other performance
- Risk assessments undertaken and reviewed on key processes as part of risk management provisions

The Governors have assessed the major risks to which the Academy is exposed, in particular those relating to teaching, health and safety, school trips, child protection, safeguarding and finances. These risks are reviewed on an annual basis by the Director of Finance and Operations. Operational systems are also kept under review and refined, as appropriate, to meet changing needs.

The internal financial systems are based on the Academies Financial Handbook and are documented in the Academy's Financial Procedures Manual. The systems are based on a framework of segregation of duties, schemes of delegation which include authorisation and approval. Financial management information is provided to budget holders and members of the Operations Committee on a monthly basis.

Financial and risk management objectives and policies

The Academy reviews its cash balances daily and ensures that funds are available to meet its liabilities when due.

Plans for future periods

The Governing Body and the Leadership of Liverpool College Independent School Trust have determined the following key aims for the future:

- The strategy of Liverpool College Independent School Trust must rise to the challenges and opportunities identified with imagination, ambition and excellence of development and delivery
- In line with our heritage, we seek to make our own very distinctive contribution to education and the future of young people available to a greater number of pupils within Liverpool and beyond
- The resources and finances required to develop and deliver the strategy are available and committed over the required time period and that the College remains a viable and sustainable Foundation and an establishment of educational excellence

LIVERPOOL COLLEGE INDEPENDENT SCHOOL TRUST
GOVERNORS' REPORT (CONTINUED)
FOR THE YEAR ENDED 31 AUGUST 2019

Funds Held as Custodian Trustee on Behalf of Others

The Academy does not act as custodian trustee on behalf of others but it does administer a school fund on behalf of parents in respect of school trips and associated activities.

Auditor

In so far as the governors are aware:

- there is no relevant audit information of which the Charitable Company's auditor is unaware; and
- the governors 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.

Governors' Report, incorporating strategic report, approved by order of the members of the Governing Body, being the Board of Trustees and Company Directors on 2 December 2019 and signed on its behalf by:

Manica Mason

.....
M Mason
Chair

LIVERPOOL COLLEGE INDEPENDENT SCHOOL TRUST

GOVERNANCE STATEMENT

Scope of responsibility

As governors, we acknowledge we have overall responsibility for ensuring that Liverpool College Independent School 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 Governing Body has delegated the day-to-day responsibility to the Principal, as Accounting Officer, for ensuring financial controls conform with the requirements of both propriety and good financial management and in accordance with the requirements and responsibilities assigned to it in the funding agreement between Liverpool College Independent School Trust and the Secretary of State for Education. He is also responsible for reporting to the Governing Body any material weaknesses or breakdowns in internal control.

Governance

The information on governance included here supplements that described in the Governors' Report and in the Statement of Trustees' Responsibilities.

The governing body has formally met 4 times during the year. Attendance during the period at meetings of the governing body was as follows:

	Meetings attended	Out of a possible
H van Mourik Broekman – Principal and Accounting Officer	4	4
K Atkinson	4	4
O Barden –Parent Governor	3	4
S Carr – Parent Governor	4	4
A Case	4	4
K Clarke	2	4
H Eccles	3	4
T Hallam	4	4
S Holloway (Resigned wef 01.07.19)	3	4
H Leppert (Appointed wef 01.01.19)	3	3
M Mason - Chair	4	4
R Morgan	4	4
T Nichol – Deputy Chair	4	4
L Parr	4	4
C Thompson	3	4
C Turbitt – Staff Governor	3	4

The Operations Committee (formerly the Finance, Estates and Resources Committee) is a sub-committee of the main governing body. Its purpose is to monitor financial performance and related activities of the academy on behalf of the Governing Body attendance at meetings in the period was as follows:

	Meetings attended	Out of a possible
H van Mourik Broekman	3	3
K Clarke	2	3
H Leppert (appointed wef 01.01.19)	2	2
M Mason	2	3
T Nichol	3	3
C Thompson	1	3

Unfortunately C Thompson was unable to attend a number of meeting due to a serious health issue

LIVERPOOL COLLEGE INDEPENDENT SCHOOL TRUST

GOVERNANCE STATEMENT (CONTINUED)

Among the particular issues dealt with within the period were:

- Building and estates issues – CIF bids, Health and safety reports and surveys, future developments, review bids, projects and capital spending plans
- Approval of Budget Forecast submission for 2019/20 prior to submission to full Governing Body (and ultimately ESFA), this included a three year forward looking forecast
- Future Funding, funding formulas, forecasts, challenges and impact of growth
- 2017/18 accounts review including the Audited Financial statements
- Risk Register
- Audit provisions and timetable
- Condition Improvement Fund
- Financial Procedures Manual
- Responsible Officer service and associated reports
- Boarding Provisions including finance and accommodation issues
- Foundation Heirlooms
- Bank Balances
- GDPR
- Local Authority funding change consultations
- Sports provisions and partnerships
- ICT Provisions and development plan
- Tender reports
- Terms of Reference
- Communications with ESFA – including specific letters from Chief Executive and Lord Nash
- ESFA SRMA Report and subsequent updates
- Academy finance related issues
- Income generation and Fundraising – college fund, schools direct, capital donations
- Monthly management accounts review - allow governors to review the financial performance against budget

Key changes in the composition of the board of trustees

The initial term of office of many of the original Governing Body members ended in 2016-17. In reviewing its own effectiveness, the Governing Body have sought to build on their strengths and improve the range of skills and abilities available to it through its membership. A new Foundation governor with legal/HR expertise was appointed to the Board in January 2019. The Governing body hopes that it has recruited well and the Board continues to grow and prosper responding to the new challenges the future holds. The Governing Body looks to strengthen its membership and the range of skills and abilities available to it when the opportunity arises. The Governors would like to thank those members who have chosen to stand down, or not seek re-election as their dedication and commitment to the College and its continued development cannot go unrecognised.

Review of Value for Money

As Accounting Officer the Principal 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 trustees where value for money can be improved, including the use of benchmarking data where available. The Accounting Officer for the Academy Trust has delivered improved value for money during the year as evidenced by the following:

LIVERPOOL COLLEGE INDEPENDENT SCHOOL TRUST

GOVERNANCE STATEMENT (CONTINUED)

Review of Value for Money (Continued)

- The College provides a balanced curriculum that encourages students to achieve their potential. Highlights of the 2019 examination results include 45% A*-B pass rates at A level (2018 – 55%) and the equivalent of 33% A*-A pass rates at GCSE (2018 – 32%).
- Termly reports to the Operations Committee of the Governing Body
- Operation of the Boarding Provisions as a further income stream.
- The Governing Body overseeing the operation of the school finance provisions including approval of the budget, review of accounts and the annual audited financial statements
- Robust internal controls, verified via external review
- Review of supply contracts and transport provisions to generate further efficiencies
- Invoices reviewed prior to payment and procedures encompassed within a Financial Procedures Manual
- Orders above the limits identified within our Financial Procedures Manual reviewed prior to authorisation
- Large purchases or contracts have been subject to competitive tendering procedures
- Service contracts have been reviewed, as appropriate, to ensure value for money
- Staffing complement reviewed annually to respond to changes in curriculum delivery or needs of the organisation
- Staffing appointments made on the basis of best person for the post not necessarily the cheapest
- Income generation – the Governors in collaboration with other partners have developed a strategy to secure the financial future of the Academy
- Independent external services are engaged to review internal practices to ensure probity and compliance on behalf of the school and the Trust

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's 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 from 1 September 2018 to 31 August 2019 and up to the date of approval of the annual report and financial statements.

Capacity to handle risk

The governing body 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 governing body is of the view that there is a formal on-going process for identifying, evaluating and managing the academy trust's significant risks that has been in place for the period 1 September 2018 to 31 August 2019 and up to the date of approval of the annual report and financial statements. This process is regularly reviewed by the governing body.

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:

LIVERPOOL COLLEGE INDEPENDENT SCHOOL TRUST

GOVERNANCE STATEMENT (CONTINUED)

The risk and control framework (Continued)

- comprehensive budgeting and monitoring systems with an annual budget and periodic financial reports which are reviewed and agreed by the governing body;
- regular reviews by the Operations 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 governing body has considered the need for a specific internal audit function and has decided not to appoint an internal auditor. However, the Governors have appointed MS Finance Ltd, as Responsible Officer ('RO'). The RO's role includes giving advice on financial matters and performing a range of checks on the academy trust's financial systems. The RO reported to the governing body on the operation of the systems of control and on the discharge of the governing body's financial responsibilities.

Review of effectiveness

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

The Board

The Governing Body has overall responsibility for the maintenance and review of the effectiveness of the system of internal control. In order to strengthen this overview of internal control the Governors has elected to appoint an external company to provide a Responsible Officer service to provide re-assurance as to the effectiveness of the controls in place. They receive reports from the Operations Committee and its Chair as well as reports from the external auditors. The Governing Body review and approve associated policies including the Financial Procedures Manual which sets out the framework of internal control within the College.

Risk management

Risk assessments have been undertaken to assess the level of risk associated with many Academy operations. This has been further supplemented by the establishment of a Risk Register which is reviewed annually.

Responsible Officer function

An external provider, MS Finance Ltd, provide an independent external RO service. No significant issues have been identified. The Responsible Officer has also helped and contributed to the formulation of the Financial Procedures Manual.

External audit

External auditors were appointed following a competitive tendering exercise and this relationship has been renewed for the sixth year. No significant issues have been identified to date.

Other explicit review/assurance mechanisms.

- The work of the executive managers within the Academy Trust who have responsibility for the development and maintenance of the internal control framework
- The Director of Finance and Operations continues to work with the Accounting Officer, staff and Governors to develop and maintain the internal control framework of the College.
- The Bursary staff continue to develop as a team and support the further development of internal controls and best value practices.

LIVERPOOL COLLEGE INDEPENDENT SCHOOL TRUST
GOVERNANCE STATEMENT (CONTINUED)

The Accounting Officer has been advised of the implications of the result of their review of the system of internal control by the Operations Committee and the new Finance Procedures Manual is designed to regulate the continuous improvement of the system.

Approved by order of the members of the Governing Body on 02/12/19 and signed on its behalf by:

Manica Masc.
.....
M Mason
Chair

[Signature]
.....
H van Mourik Broekman
Accounting Officer

LIVERPOOL COLLEGE INDEPENDENT SCHOOL TRUST

STATEMENT OF REGULARITY, PROPRIETY AND COMPLIANCE

As Accounting Officer of the Academy Trust I have considered my responsibility to notify the academy trust governing body and the Education and Skills Funding Agency (ESFA) of material irregularity, impropriety and non-compliance with ESFA terms and conditions of funding, under the funding agreement in place between the academy trust and the Secretary of State. As part of my consideration I have had due regard to the requirements of the Academies Financial Handbook 2018.

I confirm that I and the academy trust governing body 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 2018.

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 Governors and the ESFA.


.....
H van Mourik Broekman
Accounting Officer

02/12/19
.....
Date:

LIVERPOOL COLLEGE INDEPENDENT SCHOOL TRUST

STATEMENT OF GOVERNORS' RESPONSIBILITIES

The governors (who act as trustees for charitable activities and are also directors of the charitable company for the purposes of company law) are responsible for preparing the Governors' Report and the financial statements in accordance with the Annual Accounts Direction published by the Education and Skills Funding Agency, United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice) and applicable law and regulations.

Company law requires the governors to prepare financial statements for each financial year. Under company law the trustees must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the academy and of the incoming resources and application of resources, including the income and expenditure, for that period. In preparing these financial statements, the governors are required to:

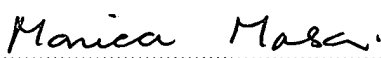
- select suitable accounting policies and then apply them consistently;
- observe the methods and principles in the Charities SORP 2015 and the Academies Accounts Direction 2018 to 2019;
- make judgements and estimates that are reasonable and prudent;
- state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the academy will continue in business.

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

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

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

Approved by order of the members of the governing body on 02/12/19 and signed on its behalf by:


.....
M Mason
Chair

LIVERPOOL COLLEGE INDEPENDENT SCHOOL TRUST
INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS
FOR THE YEAR ENDED 31 AUGUST 2019

We have audited the financial statements of Liverpool College Independent School Trust (the 'parent academy trust') and its subsidiary (the 'group') for the year ended 31 August 2019 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 2018 to 2019 issued by the Education and Skills Funding Agency.

Opinion on financial statements

In our opinion the financial statements:

- give a true and fair view of the state of the group's and of the parent academy trust's affairs as at 31 August 2019, and of its incoming resources and application of resources, including its income and expenditure, for the period then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006; and
- have been prepared in accordance with the Charities SORP 2015 and the Academies Accounts Direction 2018 to 2019 issued by the Education and Skills Funding Agency.

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 Trustees' use of the going concern basis of accounting in the preparation of the accounts is not appropriate; or
- the Trustees 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.

LIVERPOOL COLLEGE INDEPENDENT SCHOOL TRUST
INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS
FOR THE YEAR ENDED 31 AUGUST 2019

Other information

The other information comprises the information included in the reference and administrative details, Trustees' Report incorporating the Strategic Report and Directors' Report, the Governance Statement, the Statement on Regularity, Propriety and Compliance and the Trustees Responsibilities Statement. The Trustees are responsible for the other information which comprises the information included in the annual report other than the accounts and our auditor's report thereon. 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.

Opinions on other matters prescribed by the Companies Act 2006

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

- the information given in the Trustees' Report including the incorporated strategic report for the financial year for which the accounts are prepared is consistent with the accounts; and
- the Trustees' 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

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

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

LIVERPOOL COLLEGE INDEPENDENT SCHOOL TRUST
INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS (CONTINUED)
FOR THE YEAR ENDED 31 AUGUST 2019

Responsibilities of Trustees

As explained more fully in the Statement of Trustees' Responsibilities, the Trustees 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 Trustees determine is necessary to enable the preparation of accounts that are free from material misstatement, whether due to fraud or error.

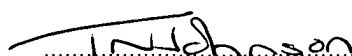
In preparing the accounts, the Trustees are responsible for assessing the Academy Trust's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Trustees either intend to liquidate the charitable company,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

Auditor's responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the 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.

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. 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 auditors' 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'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 and Statutory Auditor

Richard House
Winckley Square
Preston
PR1 3HP

.....18 December 2019.....
Date

LIVERPOOL COLLEGE INDEPENDENT SCHOOL TRUST

INDEPENDENT REPORTING ACCOUNTANT'S ASSURANCE REPORT ON REGULARITY TO LIVERPOOL COLLEGE INDEPENDENT SCHOOL TRUST AND THE EDUCATION FUNDING AGENCY

FOR THE YEAR ENDED 31 AUGUST 2019

In accordance with the terms of our engagement letter dated 11 April 2014 and further to the requirements of the Education Funding Agency (ESFA) as included in the Academies: Accounts Direction 2018 to 2019, we have carried out an engagement to obtain limited assurance about whether the expenditure disbursed and income received by the academy trust during the period from 1 September 2018 to 31 August 2019 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 the academy trust and the ESFA in accordance with the terms of our engagement letter. Our work has been undertaken so that we might state to the academy trust and the 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 the academy trust and the ESFA, for our work, for this report, or for the opinion we have formed.

Respective responsibilities of the accounting officer and the reporting accountant

The accounting officer is responsible, under the requirements of the academy trust's funding agreement with the Secretary of State for Education dated 31 July 2013 and the Academies Financial Handbook extant from 1 September 2018, 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 2018 to 2019. We report to you whether, in our opinion, 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 2018 to 31 August 2019 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 2018 to 2019 issued by the 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 our conclusion includes consideration of governance issues, an evaluation of the control environment of the School together with enquiry, analytical review and substantive testing of transactions.

LIVERPOOL COLLEGE INDEPENDENT SCHOOL TRUST

INDEPENDENT REPORTING ACCOUNTANT'S ASSURANCE REPORT ON REGULARITY TO THE
ACADEMY TRUST AND THE EDUCATION FUNDING AGENCY (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2019

Conclusion

In the course of our work, nothing has come to our attention which suggests that in all material respects the expenditure disbursed and income received during the period 1 September 2018 to 31 August 2019 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
MHA Moore and Smalley
Chartered Accountants

Richard House
Winckley Square
Preston
PR1 3HP

18 December 2019
Date

LIVERPOOL COLLEGE INDEPENDENT SCHOOL TRUST

CONSOLIDATED STATEMENT OF FINANCIAL ACTIVITIES (INCORPORATES THE INCOME AND EXPENDITURE ACCOUNT AND STATEMENT OF TOTAL RECOGNISED GAINS AND LOSSES)

FOR THE YEAR ENDED 31 AUGUST 2019

					Total funds	Total funds
		Unrestricted general funds	Restricted general funds	Restricted fixed asset funds	Year ended 31 August 2019	Year ended 31 August 2018
Income and endowments from:	Note	£	£	£	£	£
Donations and capital grants	2	36,926	45,748	3,957,017	4,039,691	633,651
Charitable activities						
Funding for the Academy's educational operations	3	586,470	6,721,563	-	7,308,033	7,086,424
Provision of boarding activities		479,670	-	-	479,670	479,392
Other trading activities	4	271,174	-	-	271,174	253,003
Total		1,374,240	6,767,311	3,957,017	12,098,568	8,452,469
Expenditure on						
Raising funds	5	74,473	-	-	74,473	58,451
Charitable activities:						
Academy trusts educational operations	6	514,304	8,212,467	775,836	9,502,607	8,610,688
Provision of boarding activities	6/27	449,674	-	-	449,674	403,602
Total	5	1,038,451	8,212,467	775,836	10,026,754	9,072,741
Net income/(expenditure)		335,789	(1,445,156)	3,181,181	2,071,814	(620,272)
Transfers between funds	15	(660,348)	1,429,306	(768,958)	-	-
Other recognised gains/(losses)						
Actuarial gain/(loss) on defined benefit pension schemes		-	(129,000)	-	(129,000)	47,000
Net movements in funds		(324,559)	(144,850)	2,412,223	1,942,814	(573,272)
Funds brought forward at 1 September 2018		529,347	33,135	32,315,729	32,878,211	33,451,482
Funds carried forward at 31 August 2019		204,788	(111,715)	34,727,952	34,821,025	32,878,211

All of the Academy's activities derive from continuing operations.

LIVERPOOL COLLEGE INDEPENDENT SCHOOL TRUST
BALANCE SHEET
AS AT 31 AUGUST 2019

	Note	Group 2019 £	Group 2018 £	Company 2019 £	Company 2018 £
Fixed assets					
Tangible assets	10	34,727,952	31,889,603	34,714,814	31,889,104
Investments	11	-	-	-	-
Current assets					
Stock	12	2,131	2,246	2,131	2,246
Debtors	13	405,738	575,053	401,717	552,567
Cash at bank and in hand		775,284	1,262,548	773,254	1,230,560
		1,183,153	1,839,847	1,177,103	1,785,373
Creditors: Amounts falling due within one year	14	(789,081)	(744,239)	(844,200)	(741,834)
Net current assets		394,072	1,095,608	332,902	1,043,539
Net assets excluding pension liability		35,122,025	32,985,211	35,047,717	32,932,643
Pension scheme liability		(301,000)	(107,000)	(301,000)	(107,000)
Net assets		34,821,025	32,878,211	34,746,717	32,825,643
Funds of the academy:					
Restricted funds					
Fixed asset funds	15	34,727,952	32,315,729	34,714,813	32,315,229
General funds	15	189,285	140,135	189,285	140,135
Pension reserve	15	(301,000)	(107,000)	(301,000)	(107,000)
Total restricted funds		34,616,237	32,348,864	34,603,098	32,348,364
Unrestricted funds	15	204,788	529,347	143,619	477,279
Total funds		34,821,025	32,878,211	34,746,717	32,825,643

These accounts were approved and authorised for issue by the trustees on 2 ND DECEMBER 2019 and are signed on their behalf by:

Monica Mason
M Mason – Chair

Company Limited by Guarantee
Registration Number 08565932

LIVERPOOL COLLEGE INDEPENDENT SCHOOL TRUST
CONSOLIDATED CASH FLOW STATEMENT
AS AT 31 AUGUST 2019

	Notes	2019 £	2018 £
Cash flows from operating activities	19	(830,096)	(475,241)
Cash flows from investing activities	20	342,832	522,628
<hr/>			
(Decrease)/Increase in cash in the year	21	(487,264)	47,387
 Change in cash and cash equivalents in the reporting period			
Cash and cash equivalents at 1 September 2018		1,262,548	1,215,161
Cash and cash equivalents at 31 August 2019		<hr/> 775,284	<hr/> 1,262,548
<hr/>			

LIVERPOOL COLLEGE INDEPENDENT SCHOOL TRUST
NOTES TO THE ACCOUNTS
FOR THE YEAR ENDED 31 AUGUST 2019

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.

Basis of preparation

The financial statements 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 College Independent School Trust meets the definition of a public benefit entity under FRS 102.

Going concern

The governors assess whether the use of going concern is appropriate i.e. whether there are any material uncertainties related to events or conditions that may cast significant doubt on the ability of the company to continue as a going concern. The governors make this assessment in respect of a period of one year from the date of approval of the financial statements.

General restricted and unrestricted reserves as at the end of August 2019 are £394,072. The budget for 2019/20 currently shows an in year overspend of £177k. The Trust has sufficient reserves to fund the proposed deficits for 2019/20 and 2020/21 with the expectation that the Trust would return to surplus in the year ended 2021/22. The Trust continues to review its cost base in order to maximise the projected reserves.

As a result of the above, the Governors 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 financial statements.

Basis of Consolidation

The consolidated accounts incorporate the accounts of the Academy and all group undertakings. Acquisitions are accounted for under the acquisition method and goodwill on acquisition has been written off in the year of acquisition.

Incoming resources

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

Grants receivable

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 COLLEGE INDEPENDENT SCHOOL TRUST
NOTES TO THE ACCOUNTS
FOR THE YEAR ENDED 31 AUGUST 2019

1 Accounting policies (Continued)

Grants receivable (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 in full when there is an unconditional entitlement to the grant. Unspent amounts of capital grant are reflected in the balance 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 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 the amount can be reliably measured.

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 year 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'.

Resources expended

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 cost attributable to a single activity are allocated directly to that activity. Shared costs which contribute to more than one activity and support cost 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 allocated on the portion of the asset's use.

- **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.

All resources expended are inclusive of irrecoverable VAT.

LIVERPOOL COLLEGE INDEPENDENT SCHOOL TRUST
NOTES TO THE ACCOUNTS (CONTINUED)
FOR THE YEAR ENDED 31 AUGUST 2019

1 Accounting policies (Continued)

Tangible fixed assets

Assets costing £1,000 or more are considered for capitalisation 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. 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 such assets is charged to the restricted fixed asset fund in the Statement of Financial Activities. Where tangible fixed assets have been acquired with unrestricted funds, depreciation on such assets is charged to the unrestricted fund and a funds transfer is made.

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 over its expected useful lives, as follows:

Freehold buildings	2%
Long leasehold buildings	2%
Long leasehold land	Over the term of the lease
Refurbishments to land & buildings	2%
Fixtures, fittings and equipment	15%
ICT equipment	33%
Motor Vehicles	20%

Assets in the course of construction are included at cost. Depreciation on these assets is not charged until they are brought into use.

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.

On conversion the Academy acquired the land and buildings from which it operates under a 125 year lease. No value was paid for the land and buildings, which were incorporated into the accounts as a donated asset, based on a depreciated replacement cost valuation carried out as at 31 March 2015 on behalf of the Department for Education by Mouchel.

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.

Provisions

Provisions are recognised when the academy trust has an obligation at the reporting date as a result of a past event which it is probable will result in the transfer of economic benefits and the obligation can be estimated reliably.

Provisions are measured at the best estimate of the amounts required to settle the obligation. Where the effect of the time value of money is material, the provision is based on the present value of those amounts, discounted at the pre-tax discount rate that reflects the risks specific to the liability. The unwinding of the discount is recognised within interest payable and similar charges.

LIVERPOOL COLLEGE INDEPENDENT SCHOOL TRUST
NOTES TO THE ACCOUNTS (CONTINUED)
FOR THE YEAR ENDED 31 AUGUST 2019

1 Accounting policies (Continued)

Leased assets

Rentals under operating leases are charged on a straight line basis over the lease term.

Investments

The Academy's shareholding in the wholly owned subsidiary, Liverpool College Enterprises Limited, is included in the balance sheet at nil value as an estimate of its fair value on acquisition. There is no readily available market value, which is not considered to be material, and the cost of valuation exceeds the benefit derived. The net assets of the subsidiary at the year end were £74,313.

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 as detailed in note 15. Prepayments are not financial instruments. Amounts due to the charity's wholly owned subsidiary are held at face value less any impairment.

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

Stock

Stock consists of purchased goods for resale. Stocks are valued at the lower of cost and net realisable value. Items donated for resale or distribution are not included in the financial statements until they are sold or distributed.

Taxation

The Academy 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 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.

Pension benefits

Retirement benefits to employees of the Academy are provided by the Teachers' Pension Scheme ('TPS') and the Local Government Pension Scheme ('LGPS'). These are defined benefit schemes.

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 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 prospective benefit method. As stated in Note 24, the TPS is a multi employer scheme and there is insufficient information available to use defined benefit accounting. The TPS is therefore treated as a defined contribution scheme for accounting purposes and the contributions recognised in the period to which they relate.

LIVERPOOL COLLEGE INDEPENDENT SCHOOL TRUST
NOTES TO THE ACCOUNTS (CONTINUED)
FOR THE YEAR ENDED 31 AUGUST 2019

1 Accounting policies (Continued)

The LGPS is a funded 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 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.

Actuarial gains and losses are recognised immediately in other recognised gains and losses.

Fund accounting

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

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

Restricted general funds comprise all other restricted funds received and include grants from the Education and Skills Funding Agency/Department for Education.

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.

Critical accounting estimates and areas of judgement

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.

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 (income) for pensions include the discount rate. Any changes in these assumptions, which are disclosed in note 24, 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 2018 has been used by the actuary in valuing the pensions liability at 31 August 2019. 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.

LIVERPOOL COLLEGE INDEPENDENT SCHOOL TRUST
NOTES TO THE ACCOUNTS (CONTINUED)
FOR THE YEAR ENDED 31 AUGUST 2019

2 Donations and capital grants

	Unrestricted funds £	Restricted general funds £	Restricted fixed asset funds £	Total 2019 £	Total 2018 £
Capital grants	-	-	85,738	85,738	524,818
Other donations	36,926	45,748	3,871,279	3,953,953	108,833
	36,926	45,748	3,957,017	4,039,691	633,651

The income from donations and capital grants was £4,039,691 (2018: 633,651) of which £36,926 was unrestricted (2018: £50,973), £45,748 was restricted (2018: £57,860) and £3,957,017 was restricted fixed assets (2018: £524,818). Donations received in respect of fixed assets include £3.6 million in respect of a building which has been funded by the Local Authority.

3 Funding for the Academy Trust's educational operations

	Unrestricted funds £	Restricted general funds £	Restricted fixed asset funds £	Total 2019 £	Total 2018 £
DfE/ESFA revenue grants					
General Annual Grant (GAG)	-	5,845,651	-	5,845,651	5,738,371
Other DfE/ESFA grants	-	478,055	-	478,055	356,092
	-	6,323,706	-	6,323,706	6,094,463
Other government grants					
Other local government grants	-	32,061	-	32,061	87,992
	-	32,061	-	32,061	87,992
Other educational income					
Catering income	425,407	-	-	425,407	438,418
Other income	161,062	365,796	-	526,859	465,551
	586,469	365,796	-	952,266	903,970
Total	586,469	6,721,563	-	7,308,033	7,086,424

The income from funding for educational operations was £7,308,033 (2018: £7,086,424) of which £586,469 was unrestricted (2018: £578,615) and £6,721,563 was restricted (2018: £6,507,809).

LIVERPOOL COLLEGE INDEPENDENT SCHOOL TRUST
NOTES TO THE ACCOUNTS (CONTINUED)
FOR THE YEAR ENDED 31 AUGUST 2019

4 Other trading activities

	Unrestricted funds £	Restricted general funds £	Restricted fixed asset funds £	Total 2019 £	Total 2018 £
Hire of facilities	26,395	-	-	26,395	12,200
Income from trading subsidiary	78,503	-	-	78,503	81,616
Transport	3,691	-	-	3,691	30,482
After school club	140,291	-	-	140,291	96,903
Summer school	9,750	-	-	9,750	13,570
School fund	12,544	-	-	12,544	18,232
	271,174	-	-	271,174	253,003

The income from other trading activities was £271,174 (2018: £253,003) of which £271,174 was unrestricted (2018: £253,003).

LIVERPOOL COLLEGE INDEPENDENT SCHOOL TRUST
NOTES TO THE ACCOUNTS
FOR THE YEAR ENDED 31 AUGUST 2019

5 Expenditure

	Staff costs £	Premises £	Other costs £	Total 2019 £	Total 2018 £
Expenditure on raising funds	24,148	-	50,325	74,473	58,451
Academy's educational operations:					
- Direct costs	4,430,479	-	1,359,091	5,789,570	5,307,878
- Allocated support costs	893,107	1,323,687	1,496,243	3,713,037	3,302,810
Boarding activities					
- Direct costs	108,213	164,764	94,628	367,605	332,086
- Allocated support costs	-	5,388	76,681	82,069	71,517
	5,455,947	1,493,839	3,076,968	10,026,754	9,072,741

(Incoming)/outgoing resources for the period include:	2019 £	2018 £
Fees payable to auditor:		
Audit of the financial statements	10,660	10,150
Accountancy, taxation and other services	6,310	8,265
Operating leases	9,600	9,600
Depreciation	775,836	729,073

The expenditure on raising funds was £74,473 (2018: £58,451) of which £74,473 was unrestricted (2018: £58,451) and restricted fixed assets £nil (2018: £nil).

LIVERPOOL COLLEGE INDEPENDENT SCHOOL TRUST
NOTES TO THE ACCOUNTS (CONTINUED)
FOR THE YEAR ENDED 31 AUGUST 2019

6 Charitable activities – Academy’s educational operations

	Total 2019 £	Total 2018 £
Direct costs - educational operations	5,789,570	5,307,878
Support costs - educational operations	3,713,037	3,302,810
Direct costs - boarding	367,605	332,086
Support costs - boarding	82,069	71,517
	<hr/>	<hr/>
	9,952,281	9,014,290
	<hr/>	<hr/>

The expenditure on charitable activities was £9,952,280 (2018: £9,014,290) of which £963,978 was unrestricted (2018: £1,031,550), £8,212,467 was restricted (2018: £7,253,667) and £775,836 was restricted fixed assets (2018: £729,073).

	Total 2019 £	Total 2018 £
Analysis of support costs		
Support staff costs	893,107	887,889
Depreciation	775,611	705,024
Premises costs	1,329,075	1,094,258
Other support costs	773,824	650,693
Governance costs	23,489	36,463
	<hr/>	<hr/>
Total support costs	3,795,106	3,374,327
	<hr/>	<hr/>

LIVERPOOL COLLEGE INDEPENDENT SCHOOL TRUST
NOTES TO THE ACCOUNTS (CONTINUED)
FOR THE YEAR ENDED 31 AUGUST 2019

7 Staff costs

	2019 £	2018 £
Staff costs during the period were:		
Wages and salaries	4,373,490	4,245,402
Employer's national insurance contribution	396,420	397,378
Pension costs	632,889	601,828
	5,402,799	5,244,608
Supply teacher costs	53,148	76,766
	5,455,947	5,321,374

The average number of persons (including management team) employed by the Academy during the period as the full time equivalents, was as follows:

	2019 Number	2019 Full-time equivalent	2018 Number	2018 Full-time equivalent
Charitable activities				
Teachers	74	70	71	67
Administration and support	99	64	98	57
Management	6	6	6	6
	179	140	175	130

The number of employees whose employee benefits (excluding employer pension costs) fell within the following bands were:

	2019 £	2018 £
£60,001 - £70,000	3	2
£130,001 - £140,000	1	1
	4	3

LIVERPOOL COLLEGE INDEPENDENT SCHOOL TRUST
NOTES TO THE ACCOUNTS (CONTINUED)
FOR THE YEAR ENDED 31 AUGUST 2019

7 Staff costs (Continued)

Included in staff costs are non-statutory/non-contractual severance payments totalling £Nil (2018: £nil).

Key management personnel

The key management personnel of the academy trust comprise the trustees and the executive leadership team as listed on page 1. The total amount of employee benefits (including employer national insurance and pension contributions) received by key management personnel for their services to the academy trust was £417,108 (2018: £561,100). The figure for 2018 was for the full senior leadership team.

8 Governors' remuneration and expenses

The Principal and staff governors only received remuneration in respect of services they provide undertaking the roles of Principal and staff members under their contracts of employment and not in respect of their services as governors. Other governors did not receive any payments, other than expenses, from the Academy in respect of their role as governors. The value of the governors' remuneration including pension contributions was as follows:

H van Mourik Broekman – Principal and Governor:

Remuneration – £130,001 - £135,000 (2018: £130,001 to £135,000)

Employer's pension contributions – £20,001 - £25,000 (2018: £20,001 - £25,000)

C Turbitt – Staff Governor:

Remuneration – £40,000 - £45,000 (2018: £40,000 - £45,000)

Employer's pension contributions – £5,000 - £10,000 (2018: £5,000 - £10,000)

A Case - Governor

Remuneration – £5,000 - £10,000 (2018: £5,000 - £10,000)

Employer's pension contributions – £Nil (2018: £Nil)

During the year ended 31 August 2019, travel and subsistence expenses of £nil were reimbursed to governors (2018: £nil).

9 Governors' and officers' insurance

In accordance with normal commercial practice, the Academy has purchased insurance to protect governors and officers from claims arising from negligent acts, errors or omissions occurring whilst on Academy business. The insurance provides cover up to £1,000,000 on any one claim and the cost for the period ended 31 August 2019 was £3,743 (2018: £3,565)

LIVERPOOL COLLEGE INDEPENDENT SCHOOL TRUST
NOTES TO THE ACCOUNTS (CONTINUED)
FOR THE YEAR ENDED 31 AUGUST 2019

10 Tangible fixed assets

Group	Freehold land and buildings £	Leasehold land and buildings £	Furniture and Equipment £	Computer equipment £	Motor vehicles £	Total £
Cost						
At 1 Sept 2018	2,771,824	31,778,000	632,367	210,469	44,891	35,437,551
Additions	3,600,000	-	14,185	-	-	3,614,185
Disposals	-	-	-	-	-	-
At 31 August 2019	6,371,824	31,778,000	646,552	210,469	44,891	39,051,736
Depreciation						
At 1 Sept 2018	221,752	2,785,037	308,078	210,242	22,838	3,547,948
Charged in year	127,440	574,297	68,361	225	5,513	775,836
Disposals	-	-	-	-	-	-
At 31 August 2019	349,192	3,359,334	376,439	210,467	28,351	4,323,784
Net book values						
At 31 August 2019	6,022,632	28,418,666	270,113	2	16,540	34,727,952
At 31 August 2018	2,550,072	28,992,963	324,289	227	22,053	31,889,603

LIVERPOOL COLLEGE INDEPENDENT SCHOOL TRUST
NOTES TO THE ACCOUNTS (CONTINUED)
FOR THE YEAR ENDED 31 AUGUST 2019

10 Tangible fixed assets (Continued)

Company	Freehold land and buildings £	Leasehold land and buildings £	Furniture and Equipment £	Computer equipment £	Motor vehicles £	Total £
Cost						
At 1 Sept 2018	2,771,824	31,778,000	617,298	210,469	44,891	35,422,482
Additions	3,600,000	-	-	-	-	3,600,000
Disposals	-	-	-	-	-	-
At 31 August 2019	6,371,824	31,778,000	617,298	210,469	44,891	39,022,482
Depreciation						
At 1 Sept 2018	221,752	2,785,037	293,508	210,242	22,838	3,533,378
Charged in year	127,440	574,297	66,815	225	5,513	774,290
Disposals	-	-	-	-	-	-
At 31 August 2019	349,192	3,359,334	360,323	210,467	28,351	4,307,668
Net book values						
At 31 August 2019	6,022,632	28,418,666	256,975	2	16,540	34,714,814
At 31 August 2018	2,550,072	28,992,963	323,790	227	22,053	31,889,104

11 Investment

2019 £	2018 £
Shares in subsidiary undertaking	Shares in subsidiary undertaking
-	-

Liverpool College Independent School Trust acquired 100% of the ordinary share capital of Liverpool College Enterprises Limited for nil consideration. The net liabilities at the date of acquisition were £19,139. No fair value was attributed to the investment at the date of acquisition. Liverpool College Enterprises Limited is a company registered in England and Wales. Liverpool College Enterprises Limited raises funds for Liverpool College Independent School Trust by operating gym and sports facilities out of school hours. A summary of the trading results is shown below.

LIVERPOOL COLLEGE INDEPENDENT SCHOOL TRUST
NOTES TO THE ACCOUNTS (CONTINUED)
FOR THE YEAR ENDED 31 AUGUST 2019

11 Investment (Continued)

	2019	2018
	£	£
Turnover	78,504	47,618
Administrative expenses	(43,819)	(25,473)
Distribution to Liverpool College	(11,943)	-
Loss/profit on ordinary activities before taxation	22,742	22,145
Tax on profit on ordinary activities	-	-
Loss/profit for the year	22,742	22,145

The aggregate of the assets, liabilities and funds of Liverpool College Enterprises are:

	2019	2018
	£	£
Net (Liabilities)/Assets	74,313	51,571
Share capital	50,002	50,002
Reserves	24,311	1,569
	74,313	51,571

LIVERPOOL COLLEGE INDEPENDENT SCHOOL TRUST
NOTES TO THE ACCOUNTS (CONTINUED)
FOR THE YEAR ENDED 31 AUGUST 2019

12 Stock

	2019 £	2018 £
Group and company		
Catering	2,131	2,246

13 Debtors

	Group 2019 £	Group 2018 £	Company 2019 £	Company 2018 £
Trade debtors	13,863	-	-	-
VAT recoverable	81,086	72,825	81,086	72,825
Other debtors	35,358	95,833	30,200	58,347
Prepayments and accrued income	275,431	406,395	290,432	421,395
	405,738	575,053	401,717	552,567

14 Creditors: amounts falling due within one year

	Group 2019 £	Group 2018 £	Company 2019 £	Company 2018 £
Trade creditors	53,625	71,824	53,625	71,824
Other taxes and social security	110,515	99,136	110,515	99,136
Other creditors	216,020	179,408	288,905	179,408
Accruals and deferred income	408,922	393,864	391,156	391,465
	789,081	744,233	844,200	741,834

Deferred income

Deferred income at 1 September 2018	331,670	308,345	331,670	308,345
Resources deferred in the year	328,264	331,670	328,264	331,670
Amounts released from previous years	(331,670)	(308,345)	(331,670)	(308,345)
Deferred income at 31 August 2019	328,264	331,670	328,264	331,670

At the balance sheet date the Academy Trust was holding funds received in advance for the provision of universal infant free school meals and boarding income received in advance.

LIVERPOOL COLLEGE INDEPENDENT SCHOOL TRUST
NOTES TO THE ACCOUNTS (CONTINUED)
FOR THE YEAR ENDED 31 AUGUST 2019

15 Funds

Group	Balance at 31 Aug 2018 £	Incoming resources £	Resources expended £	Gains, losses and transfers £	Balance at 31 Aug 2019 £
Restricted general funds					
General Annual Grant (GAG)	1,983	5,845,651	(7,276,940)	1,429,306	-
Other DfE/ESFA grants	126,144	478,055	(430,929)	-	173,271
Other government grants	-	32,061	(32,061)	-	-
Other income	12,009	411,544	(407,538)		16,015
Funds excluding pensions	140,135	6,767,311	(8,147,467)	1,429,306	189,285
Pension reserve	(107,000)	-	(65,000)	(129,000)	(301,000)
	33,135	6,767,311	(8,212,467)	1,300,306	(111,715)
Restricted fixed asset funds					
Fixed assets donated on conversion	29,144,590	-	(574,297)	-	28,570,293
DfE/ESFA capital grants	3,136,421	85,738	(120,536)	(511,864)	2,589,759
Capital expenditure from GAG and other funds	34,220	3,871,279	(79,457)	(271,279)	3,554,763
Fixed assets in trading subsidiary	498	-	(1,546)	14,185	13,137
	32,315,729	3,957,017	(775,836)	(768,958)	34,727,952
Total restricted funds	32,348,864	10,724,328	(8,988,303)	531,348	34,616,237
Unrestricted funds	529,347	1,374,240	(1,038,451)	(660,348)	204,788
Total funds	32,878,211	12,098,568	(10,026,754)	(129,000)	34,821,025

LIVERPOOL COLLEGE INDEPENDENT SCHOOL TRUST

NOTES TO THE ACCOUNTS (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2019

15 Funds (Continued)

Company	Balance at 31 Aug 2018 £	Incoming resources £	Resources expended £	Gains, losses and transfers £	Balance at 31 Aug 2019 £
Restricted general funds					
General Annual Grant (GAG)	1,983	5,845,651	(7,276,940)	1,429,306	-
Other DfE/ESFA grants	126,144	478,055	(430,929)	-	173,271
Other government grants	-	32,061	(32,061)	-	-
Other income	12,009	411,544	(407,539)	-	16,014
Funds excluding pensions	140,135	6,767,311	(8,147,468)	1,429,306	189,285
Pension reserve	(107,000)	-	(65,000)	(129,000)	(301,000)
	33,135	6,767,311	(8,212,468)	1,300,306	(111,715)
Restricted fixed asset funds					
Fixed assets donated on conversion	29,144,590	-	(574,297)	-	28,570,293
DfE/ESFA capital grants	3,136,419	85,738	(120,536)	(511,864)	2,589,757
GAG and other funds	34,220	3,871,279	(79,457)	(271,279)	3,554,763
	32,315,229	3,957,017	(774,290)	(783,143)	34,714,813
Total restricted funds	32,348,364	10,724,328	(8,986,758)	517,163	34,904,094
Unrestricted funds	477,279	1,322,680	(1,010,178)	(646,163)	143,620
Total funds	32,825,643	12,047,007	(9,996,936)	(129,000)	34,746,717

LIVERPOOL COLLEGE INDEPENDENT SCHOOL TRUST
NOTES TO THE ACCOUNTS (CONTINUED)
FOR THE YEAR ENDED 31 AUGUST 2019

15 Funds (Continued)

Prior year funds

Group	Balance at 31 Aug 2017 £	Incoming resources £	Resources expended £	Gains, losses and transfers £	Balance at 31 Aug 2018 £
Restricted general funds					
General Annual Grant (GAG)	2,866	5,738,371	(6,388,059)	648,804	1,983
Other DfE/ESFA grants	99,472	356,092	(329,420)	-	126,144
Other government grants	-	87,992	(87,992)	-	-
Other income	20,991	383,215	(392,196)		12,009
Funds excluding pensions	123,328	6,565,669	(7,197,667)	648,804	140,135
Pension reserve	(98,000)	-	(56,000)	47,000	(107,000)
	25,328	6,565,669	(7,253,667)	695,804	33,135
Restricted fixed asset funds					
Fixed assets donated on conversion	29,718,850	-	(574,260)	-	29,144,590
DfE/ESFA capital grants	3,265,798	524,818	(145,391)	(508,804)	3,136,421
Capital expenditure from GAG and other funds	43,515	-	(9,295)	-	34,220
Fixed assets in trading subsidiary	625	-	(127)	-	498
	33,028,788	524,818	(729,073)	(508,804)	32,315,729
Total restricted funds	33,054,116	7,090,487	(7,982,740)	187,000	32,348,864
Unrestricted funds	397,366	1,361,982	(1,090,001)	(140,000)	529,347
Total funds	33,451,482	8,452,469	(9,072,741)	47,000	32,878,211

LIVERPOOL COLLEGE INDEPENDENT SCHOOL TRUST
NOTES TO THE ACCOUNTS (CONTINUED)
FOR THE YEAR ENDED 31 AUGUST 2019

15 Funds (Continued)

Company	Balance at 31 Aug 2017 £	Incoming resources £	Resources expended £	Gains, losses and transfers £	Balance at 31 Aug 2018 £
Restricted general funds					
General Annual Grant (GAG)	2,866	5,738,375	(6,388,059)	648,804	1,987
Other DfE/ESFA grants	99,472	356,092	(329,420)	-	126,144
Other government grants	-	87,992	(87,992)	-	-
Other income	20,989	383,215	(392,196)	-	12,008
Funds excluding pensions	123,327	6,565,673	(7,197,667)	648,804	140,138
Pension reserve	(98,000)	-	(56,000)	47,000	(107,000)
	25,327	6,565,673	(7,253,667)	695,804	33,138
Restricted fixed asset funds					
Fixed assets donated on conversion	29,718,850	-	(574,260)	-	29,144,590
DfE/ESFA capital grants	3,265,796	524,818	(145,391)	(508,804)	3,136,419
GAG and other funds	43,515	-	(9,295)	-	34,220
	33,028,161	524,818	(728,946)	(508,804)	32,315,229
Total restricted funds	33,053,489	7,090,491	(7,982,613)	187,000	32,455,364
Unrestricted funds	402,565	1,295,366	(1,080,655)	(140,000)	477,279
Total funds	33,456,055	8,385,858	(9,063,268)	47,000	32,825,643

Under the funding agreement with the Secretary of State, the academy trust was not subject to a limit on the amount of GAG that it could carry forward at 31 August 2019.

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 Academy and any amounts carried forward at the end of a financial period must be used in accordance with the terms of the Funding Agreement.

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 nursery grants which were fully expended in the year.

Other restricted funds include contributions received for school trips and non public donations and the related expenditure.

Restricted fixed asset funds include assets donated on conversion and expenditure out of GAG and their capital grants during the period. Depreciation is charged against the fund.

LIVERPOOL COLLEGE INDEPENDENT SCHOOL TRUST
NOTES TO THE ACCOUNTS (CONTINUED)
FOR THE YEAR ENDED 31 AUGUST 2019

16 Analysis of net assets between funds – Group

	Unrestricted funds £	Restricted general funds £	Restricted fixed asset funds £	Total funds £
Tangible fixed assets	-	-	34,727,952	34,727,952
Current assets	204,788	978,365	-	1,183,153
Current liabilities	-	(789,081)	-	(789,081)
Pension scheme liability	-	(301,000)	-	(301,000)
Total net assets	204,788	(111,715)	34,727,952	34,821,025

Comparative analysis of net assets

	Unrestricted funds £	Restricted general funds £	Restricted fixed asset funds £	Total funds £
Tangible fixed assets	-	-	31,889,603	31,889,603
Current assets	529,347	884,369	426,126	1,839,842
Current liabilities	-	(744,239)	-	(744,239)
Pension scheme liability	-	(107,000)	-	(107,000)
Total net assets	529,347	33,130	32,315,729	32,878,206

17 Capital commitments

	2019 £	2018 £
Contracted for but not provided in the financial statements	-	446,127

LIVERPOOL COLLEGE INDEPENDENT SCHOOL TRUST
NOTES TO THE ACCOUNTS (CONTINUED)
FOR THE YEAR ENDED 31 AUGUST 2019

18 Financial Commitments

Operating leases

At 31 August 2019 the total of the Group's future minimum lease payments under non-cancellable operating leases was:

	2019 £	2018 £
Amounts due within one year	66,099	9,600
Amounts due in two – five years	228,349	38,400
	<u>294,448</u>	<u>48,000</u>

19 Reconciliation of net income to net cash inflow from operating activities

	2019 £	2018 £
Net (outgoing)/incoming resources	2,071,814	(620,272)
Depreciation (see note 10)	775,836	729,073
Capital grants from DfE	(3,957,017)	(524,818)
Defined benefit pension scheme costs	65,000	56,000
Loss on disposal	-	-
(Increase)/decrease in stocks	115	(171)
(Increase)/decrease in debtors	169,315	(60,670)
Increase/(decrease) in creditors	44,841	(54,384)
Net cash (outflow)/inflow from operating activities	<u>(830,096)</u>	<u>(475,241)</u>

20 Capital income and expenditure

	2019 £	2018 £
Purchase of tangible fixed assets	(14,185)	-
Capital grants/donations received	357,017	522,628
Net cash inflow/(outflow) from capital expenditure and financial invest	<u>342,832</u>	<u>522,628</u>

LIVERPOOL COLLEGE INDEPENDENT SCHOOL TRUST
NOTES TO THE ACCOUNTS (CONTINUED)
FOR THE YEAR ENDED 31 AUGUST 2019

21 Analysis of changes in net funds

	At 31 August 2018 £	Cash flows £	At 31 August 2019 £
Cash in hand and at bank	1,262,548	(487,264)	775,284

22 Contingent liabilities

As at 31 August 2019, the Group had no contingent liabilities.

23 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/she is a member, or within one year after he/she ceases to be a member, such amount as may be required, not exceeding £10 for the debts and liabilities contracted before he/she ceases to be a member.

24 Pension and similar obligations

The Academy'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 Local Authority. Both are multi-employer defined benefit scheme. Some employees also belong to other private defined contribution schemes, including the Pensions Trust Growth Plan.

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 2016, of the LGPS 31 March 2016 and of the Pensions Trust Growth Plan the 30 September 2017.

Contributions amounting to £81,948 were payable to the schemes at 31 August 2019 and are included within creditors.

Teachers' Pension Scheme

Introduction

The Teachers' Pension Scheme (TPS) is a statutory, contributory, defined benefit scheme governed 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 COLLEGE INDEPENDENT SCHOOL TRUST
NOTES TO THE ACCOUNTS (CONTINUED)
FOR THE YEAR ENDED 31 AUGUST 2019

24 Pension and similar obligations (Continued)

Valuation of the Teachers' Pension Scheme

The latest valuation of the Teachers' Pension Scheme has now taken place, in line with directions issued by HM Treasury and using membership data as at 31 March 2016. As a result of this valuation, TPS employers will pay an increased contribution rate of 23.68% from September 2019 (this includes the administration levy of 0.08%). The timing of the implementation is to align its introduction with employers' budget planning cycles. Until then, employers will pay the current rate of 16.48%.

A copy of the latest valuation report can be found on the Teachers' Pension Scheme website.

Scheme Changes

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

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

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

The employer's pension costs paid to TPS in the period amounted to £487,042 (2018: £449,070).

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

The Local Government Pension Scheme (LGPS)

The LGPS is a funded defined benefit pension scheme, with the assets held in separate trustee-administered funds. The total contribution made for the year ended 31 August 2019 was £126,265 (2018: £95,225), of which employer's contributions totalled £94,667 (2018: £70,758) and employees' contributions totalled £31,598 (2018: £24,467). The agreed contribution rates for future years are 18.8 per cent for employers and allocated to one of nine bands between 5.5 per cent and 12.5 per cent for employees, the allocation to a band depending upon the individual's salary.

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 COLLEGE INDEPENDENT SCHOOL TRUST
NOTES TO THE ACCOUNTS (CONTINUED)
FOR THE YEAR ENDED 31 AUGUST 2019

24 Pensions and similar obligations (Continued)

Principal actuarial assumptions

	At 31 August 2019	At 31 August 2018
Rate of increase in salaries	3.60%	3.60%
Rate of increase for pensions in payment/inflation	2.20%	2.20%
Discount rate for scheme liabilities	1.80%	2.80%
Inflation assumption (CPI)	2.10%	2.10%

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

	At 31 August 2019	At 31 August 2018
<i>Retiring today</i>		
Males	22.20	22.00
Females	25.00	24.80
<i>Retiring in 20 years</i>		
Males	25.20	25.00
Females	27.90	27.80

	Discount rate +0.1% £000s	Discount rate -0.1% £000s	Mortality assumptions - 1 year increase £000s	Mortality assumptions - 1 year decrease £000s
Sensitivity analysis				
Liabilities	670	700	697	673
Assets	(384)	(384)	(384)	(384)
Deficit/(surplus)	286	316	313	289
Projected service cost for next year	184	192	192	184
Projected net interest cost for next year	5	5	5	5

LIVERPOOL COLLEGE INDEPENDENT SCHOOL TRUST
NOTES TO THE ACCOUNTS (CONTINUED)
FOR THE YEAR ENDED 31 AUGUST 2019

24 Pensions and similar obligations (Continued)

The academy trust's share of the assets and liabilities in the scheme and the expected rates of return were:

	Fair value at 31 August 2019 £000	Fair value at 31 August 2018 £000
Equities	196	147
Government bonds	39	10
Other bonds	21	34
Property	35	26
Cash/liquidity	12	9
Other	81	59
Total market value of assets	<u>384</u>	<u>285</u>

The actual return on scheme assets was £13,000.

Amounts recognised in the statement of financial activities	2019 £000	2018 £000
Current service cost	150	121
Total operating charge	<u>150</u>	<u>121</u>

The estimated value of employer contributions for the year ended 31 August 2019 is £92,000.

LIVERPOOL COLLEGE INDEPENDENT SCHOOL TRUST
NOTES TO THE ACCOUNTS (CONTINUED)
FOR THE YEAR ENDED 31 AUGUST 2019

24 Pensions and similar obligations (Continued)

Changes in the present value of defined benefit obligations were as follows:

	2019	2018
	£000	£000
At 1 September 2018	392	287
Current service cost	150	121
Interest on pension liabilities	12	8
Employee contributions	30	24
(Gain)/loss on assumptions	136	(39)
Benefits/transfers paid	(35)	(9)
At 31 August 2019	685	392

Changes in the fair value of academy trust's share of scheme assets

	2019	2018
At 1 September 2018	285	189
Return on plan assets	9	6
Administration expenses	(2)	(2)
Actuarial gains/loss	7	8
Employer contributions	90	69
Employee contributions	30	24
Benefits/transfers paid	(35)	(9)
At 31 August 2019	384	285

The Pensions Trust Growth Plan

Liverpool College Independent School Trust participates in the Pensions Trust's Growth Plan (the Plan). The Plan is funded and is not contracted-out of the State scheme. The Plan is a multi-employer pension plan. Contributions paid into the Plan up to and including September 2001 were converted to defined amounts of pension payable from Normal Retirement Date. From October 2001 contributions were invested in personal funds which have a capital guarantee and which are converted to pension on retirement, either within the Plan or by the purchase of an annuity.

LIVERPOOL COLLEGE INDEPENDENT SCHOOL TRUST
NOTES TO THE ACCOUNTS (CONTINUED)
FOR THE YEAR ENDED 31 AUGUST 2019

24 Pensions and similar obligations (Continued)

The Pensions Trust Growth Plan (Continued)

The rules of the Plan allow for the declaration of bonuses and/or investment credits if this is within the financial capacity of the Plan assessed on a prudent basis. Bonuses/investment credits are not guaranteed and are declared at the discretion of the Plan's Trustee.

The Trustee commissions an actuarial valuation of the Plan every three years. The purpose of the actuarial valuation is to determine the funding position of the Plan by comparing the assets with the past service liabilities as at the valuation date. Asset values are calculated by reference to market levels. Accrued past service liabilities are valued by discounting expected future benefit payments using a discount rate calculated by reference to the expected future investment returns.

The rules of the Plan give the Trustee the power to require employers to pay additional contributions in order to ensure that the statutory funding objective under the Pensions Act 2004 is met. The statutory funding objective is that a pension scheme should have sufficient assets to meet its past service liabilities known as Technical Provisions.

If the actuarial valuation reveals a deficit, the Trustee will agree a recovery plan to eliminate the deficit over a specified period of time either by way of additional contributions from employers, investment returns or a combination of these.

The rules of the Plan state that the proportion of obligatory contributions to be borne by the member and the member's employer shall be determined by agreement between them. Such agreement shall require the employer to pay part of such contributions and may provide that the employer shall pay the whole of them.

Liverpool College Independent School Trust paid contributions at the rate of 5% during the accounting period. Some members paid contributions at the rate of 5% during the accounting period.

As at the balance sheet date there were 27 active members of the Plan employed by the Trust. The total contribution made for the year ended 31 August 2019 was £46,256, of which employer's contributions totalled £23,057 and employee's contributions totalled £23,200. The Trust continues to offer membership of the Plan to its employees.

It is not possible in the normal course of events to identify a reasonable and consistent basis the share of underlying assets and liabilities belonging to individual participating employers. The Plan is a multi-employer scheme, where the assets are co-mingled for investment purposes, and benefits are paid out of the Plan's total assets. Accordingly, due to the nature of the Plan, the accounting charge for the period under FRS 102 represents the employer contribution payable.

If an actuarial valuation reveals a shortfall of assets compared to liabilities, the Trustee must prepare a recovery plan setting out the steps to be taken to make up the shortfall.

LIVERPOOL COLLEGE INDEPENDENT SCHOOL TRUST
NOTES TO THE ACCOUNTS (CONTINUED)
FOR THE YEAR ENDED 31 AUGUST 2019

24 Pensions and similar obligations (Continued)
The Pensions Trust Growth Plan (Continued)

The Pensions Regulator has the power under Part 3 of the Pensions Act 2004 to issue scheme funding directions where it believes that the actuarial valuation assumptions and/or recovery plan are inappropriate. For example, the Regulator could require that the Trustee strengthens the actuarial assumptions (which could increase the Plan liabilities and hence impact on the recovery plan) or impose a schedule of contributions to the Plan (which would effectively amend the terms of the recovery plan). A copy of the recovery plan in respect of the September 2011 valuation was forwarded to the Pensions Regulator on 2 October 2012, as required by legislation.

Following a change in legislation in September 2005, there is a potential debt on the employer that could be levied by the Trustee of the Plan and the Pensions Act 2011 has more recently the definition of series 3 of the Growth Plan so that a liability arises to employers from membership of any Series except Series 4. The debt is due in the event of the employer ceasing to participate in the Plan or the Plan winding up.

The debt for the Plan as a whole is calculated by comparing the liabilities for the Plan (calculated on a buy-out basis i.e. the cost of securing benefits by purchasing annuity policies from an insurer, plus an allowance for expenses) with the assets of the Plan. If the liabilities exceed the assets there is a buy-out debt.

The leaving employer's share of the buy-out debt is the proportion of the Plan's liability attributable to employment with the leaving employer compared to the total amount of the Plan's liabilities (relating to employment with all the currently participating employers). The leaving employer's debt therefore includes a share of any 'orphan' liabilities in respect of previously participating employers. The amount of the debt therefore depends on many factors including total Plan liabilities, Plan investment performance, the liabilities in respect of current and former employees of the employer, financial conditions at the time of the cessation event and the insurance buy-out market. Therefore, the amounts of debt can be volatile over time.

When an employer withdraws from a multi-employer defined benefit pension scheme which is in deficit, the employer is required by law to pay its share of the deficit, calculated on a statutory basis (known as the buy-out basis). Due to a change in the definition of money purchase contained in the Pensions Act 2011 the calculation basis that applies to the Growth Plan will be amended to include Series 3 liabilities in the calculation of an employer's debt on withdrawal.

LIVERPOOL COLLEGE INDEPENDENT SCHOOL TRUST
NOTES TO THE ACCOUNTS (CONTINUED)
FOR THE YEAR ENDED 31 AUGUST 2019

24 Pensions and similar obligations (Continued)

The Growth Plan is a "last man standing" multi-employer scheme. This means that if a withdrawing employer is unable to pay its debt on withdrawal the liability is shared amongst the remaining employers. The participating employers are therefore, jointly and severally liable for the deficit in the Growth Plan. As at 31 December 2017 the total deficit calculated on the buy-out basis was £212.7m.

Liverpool College Independent School Trust has been notified by the Pensions Trust of the estimated employer debt on withdrawal from the Plan based on the financial position of the Plan as at 30 September 2017. As of this date the estimated employer debt for the Trust was £22,390. In accordance with FRS 102, the liability has not been provided for in the accounts of the Trust.

Private Pension Provisions

Liverpool College Independent School Trust has a number of staff who have chosen not to avail themselves of the different formal schemes available. Instead they have taken on private pension provisions with the College paying contributions at the rate of 5% during the accounting period on their behalf. Some members have also chosen to make paid contributions at the rate of 5% during the accounting period.

25 Related party transactions

The Academy has taken advantage of the exemption available not to disclose transactions entered into between two or more members of a group.

There have been no other related party transactions during the year.

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 2019 the trust received £25,211 and disbursed £15,899 from the fund. Unspent bursary funding of £53,904 is included in creditors.

LIVERPOOL COLLEGE INDEPENDENT SCHOOL TRUST
NOTES TO THE ACCOUNTS (CONTINUED)
FOR THE YEAR ENDED 31 AUGUST 2019

27 Academy boarding trading account

	2019	2019	2018	2018
	£	£	£	£
Income				
Fee income		479,670		479,392
Expenditure				
Direct costs				
Staff costs	108,213		104,666	
Catering	94,628		85,376	
Rent and rates	164,764		142,044	
Support costs		367,605		332,086
Marketing	836		13,574	
Commission	42,308		26,925	
Cleaning	5,388		7,354	
Other costs	33,537		23,664	
		82,069		71,517
Surplus in the year		<u>29,996</u>		<u>75,789</u>