

Liverpool City Region Academy Trust
A Company Limited by Guarantee
Annual Report and Financial Statements
For the Period Ended 31 August 2016

Liverpool City Region Academy Trust

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Liverpool City Region Academy Trust

Reference and Administrative Details

Members	J Brown Hugh Baird (Y Williams) C Fairclough O Jones
Trustees	B Cooney (Chair) J Brown C Fairclough A Owen P Briggs K Power
Chief Executive	C Fairclough
Chief Finance Officer	M Larkin
Company Secretary	A-M Nixon
Senior Management Team: <ul style="list-style-type: none">• Head Teacher at Emslie Morgan	J Goalen
Company Name	Sefton Education Trust – changed to Liverpool City Region Academy Trust on 17 th October 2016
Principal and Registered Office	Hugh Baird College Balliol Road Bootle L20 7EW
Company Registration Number	08307770 (England and Wales)
Independent Auditor	HBD Accountancy Services LLP Gladstone House 2 Church Road Liverpool L15 9EG
Bankers	Lloyds Bank Liverpool Law Courts Merchants Court 2-12 Lord Street L2 1TS
Solicitors	Eversheds LLP Eversheds House 70 Great Bridgewater Street Manchester M1 5ES

Liverpool City Region Academy Trust

Trustees' Report

The trustees present their annual report together with the financial statements and auditor's report of the charitable company for the 1 September 2015 to 31 August 2016. The annual report serves the purposes of both a trustees' report, and a directors' report under company law.

The trust operates an alternative provision academy for pupils aged 11 to 16 serving a catchment area in Wirral, Merseyside. It has a pupil capacity of 80 and had a roll of 102 in the school census in October 2016.

Structure, Governance and Management

Constitution

The academy trust is a company limited by guarantee and an exempt charity. The charitable company's memorandum and articles of association are the primary governing documents of the academy trust. The trustees of Liverpool City Region Academy Trust Limited are also the directors of the charitable company for the purposes of company law. The charitable company was known as Sefton Education Trust until 17 October 2016 when its name was changed to Liverpool City Region Academy Trust.

Details of the trustees who served during the year are included in the Reference and Administrative Details on page 1.

Members' Liability

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

Method of Recruitment and Appointment or Election of Trustees

In accordance with Liverpool City Region Academy Trust's Articles of Association the Members may appoint up to 7 Directors and the members are authorised to appoint Directors through such process as they determine. The Trust has adopted the sponsoring college's open and transparent method of recruiting Directors based on strategic skills sets and formal application and interviews have taken place. During 2015/16 an independent director with significant education and charity strategic management and OFSTED inspection experience was appointed. Mr Cooney was appointed as Chair of Trustees on 4 February 2016. A local governing body for Emslie Morgan Academy was established upon conversion to an academy on 1 March 2015 and governors have been recruited in accordance with agreed role descriptions for governors and the chair.

During 2015/16 Emslie Morgan Academy recruited members of the local governing body in accordance with the Trust's Articles of Association. Members were recruited and appointed on the basis of their skills set, experience, formal application and interviews with the Chair to ensure that every new governor was able to make an active and valuable contribution to the board. SGOSS Governors for Schools and the LA Governor support service were channels used to recruit new members.

Liverpool City Region Academy Trust

Trustees' Report (continued)

Policies and Procedures Adopted for the Induction and Training of Trustees

The Trust commissioned its solicitors, Eversheds, to provide induction training on the role and responsibilities of Directors when the Multi Academy Trust was established and a detailed advice note on the role of Directors and their liability has been issued to all Directors. In addition policies on Code of Conduct and Conflicts of Interest have been agreed and Directors have unfettered access to the Chief Executive and senior staff at the sponsoring College. In-meeting training and advice sessions have been held to ensure that Directors are fully aware of their role and responsibilities and are kept fully informed of progress in relation to the first Academy under the Trust. In addition a Memorandum of Understanding, clarifying the relationship between Hugh Baird College, as the sponsoring College and Liverpool City Region Academy Trust has been agreed by both parties.

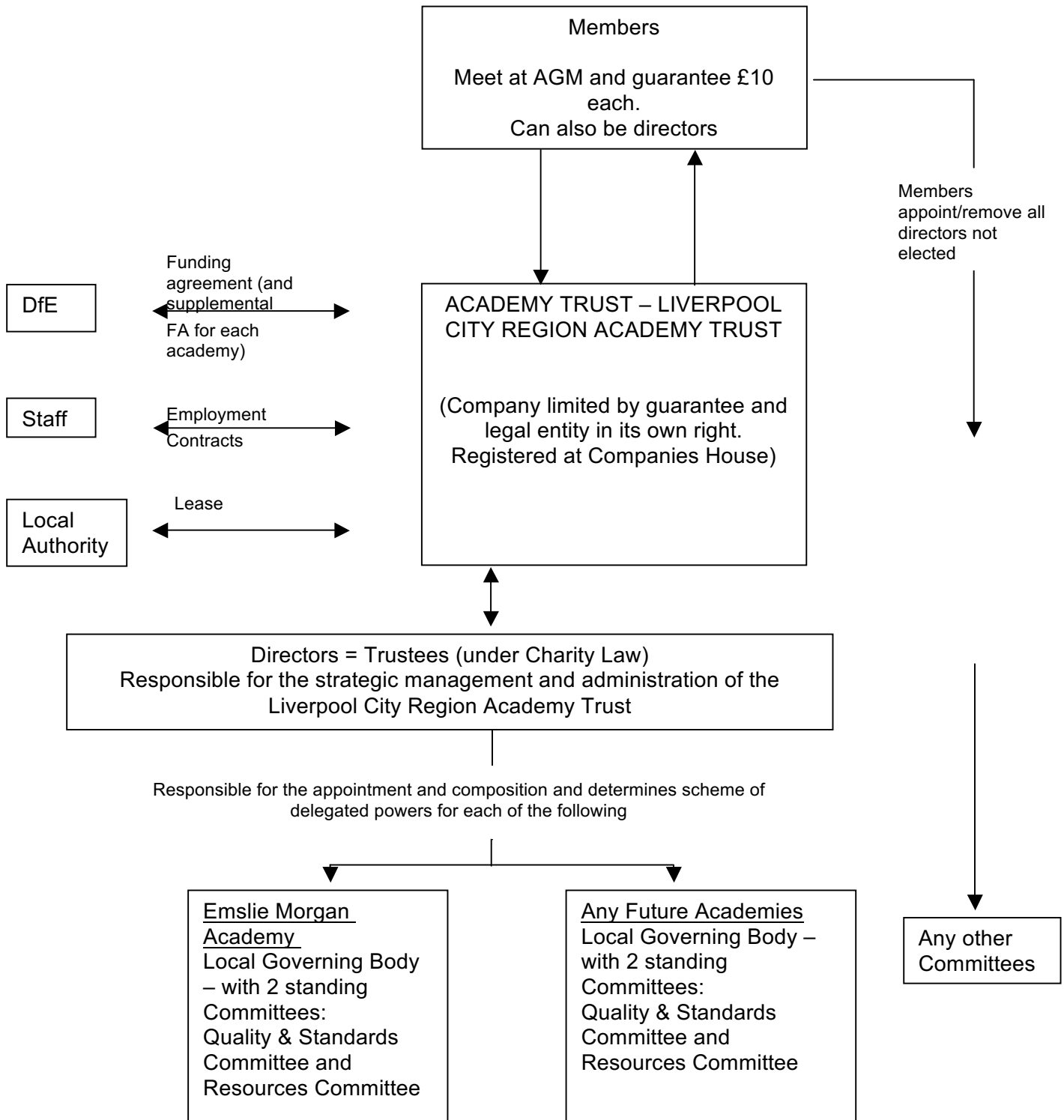
With reference to the induction and training of members of the Local Governing Body, comprehensive induction training was delivered to all newly appointed governors following conversion on 20 April 2015. Additional training on the governors' role in monitoring teaching learning and assessment was also provided on 5 May 2015. The Local Governing Body has adopted standing orders, scheme of delegation to the Head Teacher and a Code of Conduct, all of which were communicated to Local Governing Body members as part of their induction. The Clerk to the Local Governing Body has responsibility for the development of the annual training and development programme for governors following training needs analysis.

Organisational Structure

Liverpool City Region Academy Trust's structure is outlined in the flow chart below

Liverpool City Region Academy Trust

Trustees' Report (continued)



Liverpool City Region Academy Trust

Trustees' Report (continued)

The Trustees approved a scheme of delegation which confirmed the powers and functions as they consider are required by the Head Teacher for the internal organisation management and control of the Academy.

Arrangements for setting pay and remuneration of key management personnel

The School Teachers Pay and Conditions document (Blue Book) is used to set the pay and remuneration of the academy's key staff.

Related Parties and other Connected Charities and Organisations

The Academy has connected organisations or related party transactions as disclosed in note 19.

Hugh Baird College

Hugh Baird College is the sponsor of Liverpool City Region Academy Trust. Emslie Morgan Academy is the sole member school of Liverpool City Region Academy Trust. Mr J Brown, Chair of Hugh Baird College, was Chairman of Liverpool City Region Academy Trust until 4 February 2016.

Objects and Aims

The Company's ("the object") is specifically restricted to the following:-

to advance for the public benefit education in the United Kingdom, in particular but without prejudice to the generality of the foregoing by establishing, maintaining, carry on, managing and developing schools ("the mainstream Academies") offering a broad and balanced curriculum or educational institutions which are principally concerned with providing full-time or part-time education for children of compulsory school age who, by reason of illness, exclusion from school or otherwise, may not for any period receive suitable education unless alternative provision is made for them. ("the alternative provision Academies") or 16 to 19 Academies offering a curriculum appropriate to the needs of its students ("the 16 to 19 Academies") or schools specially organised to make special educational provision for pupils with Special Educational Needs ("the Special Academies").

Objectives, Strategies and Activities

The main objectives for 2015/16 was direct intervention to improve standards of teaching and learning. This support was led by Hugh Baird College Quality Manager under the direction of the interim chief executive.

The key strategies included:

- drawing up a set of Key performance Indicators in relation to pupil attendance, attainment, behavior and progression.
- Investing in a research project to develop a curriculum that will better engage the young people
- a schedule of delegation clearly outlining role and responsibilities of governors and the Headteacher
- ensuring that the leadership and teachers at the academy provide the best possible learning environment.
- providing leadership to new governance arrangements to support and challenge the academy.
- taking control of strategic planning for the future development including sound financial management and value for money
- Appointment of a new permanent headteacher

Liverpool City Region Academy Trust

Trustees' Report (continued)

Public Benefit

In setting and reviewing the Trust's strategic aims and objectives, the trustees have had due regard for the Charity Commission's guidance on public benefit and particularly upon its supplementary guidance on the advancement of education. The guidance sets out the requirement that all organisations wishing to be recognised as charities must demonstrate, explicitly, that their aims are for the public benefit.

Our mission statement is:

All young people deserve to learn, enjoy and succeed in a first class educational environment. We believe that, with the right teaching and support, every child can achieve great things.

The Liverpool City Region Academy Trust has been established with a clear vision of driving up educational attainment and student success rates. We believe that through partnership working and close collaboration with key stakeholders, this vision is achievable and what every young person deserves.

Our high expectations are supported by our determination to improve the lives of young people. Our sponsor, Hugh Baird College, offers provision and opportunities to its local communities and creates an exciting vibrant and successful learning environment. The trust intends to fully exploit the sponsor's expertise in our mission to allow young people to achieve and flourish.

Liverpool City Region Academy Trust

Trustees' Report (continued)

Strategic Report

Key Performance Indicators

The academic results for the year 31 August 2016 have demonstrated significant improvements in GCSE achievements and with one exception they are all at above the national benchmark for alternative provision.

Pupils at the academy enter a variety of qualifications as appropriate to their needs and ability. During 2015-2016 a total of 45 pupils entered at least one GCSE. 15.5% achieved 5 GCSEs grade A*-G.

30 pupils were entered for a variety of vocational qualifications and 33% achieved. The academy is performing well against national alternative provision achievement rates.

Attendance remains a big challenge although there are signs of improvement. The academy has produced a school improvement action plan containing key performance indicators and their related actions. It has four areas of focus; improved outcomes; teaching learning and assessment; personal development, behavior and welfare and overall effectiveness.

Strategies are in place for 2015/16 to ensure that pupil achievements continue to meet or exceed both academy and national targets.

Going Concern

After making appropriate enquiries, the Board of Trustees considers that the Trust has adequate resources to continue in operational existence for the foreseeable future. For this reason they continue to adopt the going concern basis in preparing the financial statements.

Financial Review

Most of the Trust's income is obtained from the EFA in the form of grants, the use of which is restricted for particular purposes. The grants received from the EFA during the year ended 31 August 2016 and the associated expenditure are shown as restricted funds in the Statement of Financial Activities.

During the year ended 31 August 2016, total expenditure of £1,641,000 was covered by grant funding from the EFA together with other incoming resources. The excess of income over expenditure for the year was £62,000, excluding actuarial gains on the defined benefit scheme.

The Trust held fund balances at 31st August 2016 of £64,000 of unrestricted funds, £363,000 of restricted funds and restricted fixed assets of £1,340,000. The closing net reserves for 2015/16 was £1,024,000.

Principal Risks and Uncertainties

Safeguarding – the Trust and the academy ensure that safeguarding of the young people supported and educated through its provision is given the highest priority through appropriate policies and procedures. However, the Trust recognizes that mitigating all risks in this area is extremely challenging.

Financial – the academy is highly dependent on local and national government funding and demand levels which it is unable to influence to a significant degree. There can be no assurance that government policy or practice will remain constant and the academy and the Trust will continue to monitor changes and plan and react accordingly.

Capital investment – the academy's premises comprise Listed Buildings which will continue to require significant long term investment. The Trust and the academy will continue to seek capital funding to ensure that the school premises are maintained to a standard which meets all obligations.

Liverpool City Region Academy Trust

Trustees' Report (continued)

Plans For Future Periods

The Trust will continue to focus on delivering high quality education, services and support to the young people at Emslie Morgan Academy.

The Trust is exploring the possibility of expanding the number of academies that it takes responsibility for in order to meet our objective of growing a family of academies within the Liverpool City Region that inspire, challenge and transform lives

Reserves Policy

Governors review the reserves annually. This review encompasses the nature of the income and expenditure streams, the need to match income to commitments and the nature of the reserves. The governors will ensure that the reserves policy continues to conform to the requirements laid down in the Academies Financial Handbook.

The Trust currently has £64,000 of unrestricted reserves. The trustees have determined that all unrestricted reserves will be utilised in helping the Trust to achieve its objectives.

The actuarial valuation of the pension scheme and the corresponding liability of £743,000 does not result in an immediate cash flow impact to the Trust. The trustees are confident that any liabilities can be met as they fall due.

Investment Policy

Governors are committed to ensure that all funds under their control are managed in such a way as to safeguard Emslie Morgan's cash assets. Emslie Morgan has a positive cash balance to cover eventualities and unforeseen expenses.

Auditor

Insofar as the trustees are aware:

- there is no relevant audit information of which the charitable company's auditor is unaware
- the trustees 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.

This Trustees' report, incorporating a strategic report, was approved by order of the board of trustees, as the company directors, on 6 December 2016 and signed on the board's behalf by:

Brian Cooney

Brian Cooney
Trustee

6 December 2016

Liverpool City Region Academy Trust

Governance Statement

Scope of Responsibility

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

The board of trustees has delegated the day-to-day responsibility to C. Fairclough as Chief Executive Officer for Liverpool City Region Academy Trust and L. Wheatley, as accounting officer for Emslie Morgan Academy until 18 April 2016, Jane Goalen was appointed as permanent headteacher, 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 City Region Academy Trust and the Secretary of State for Education. They are also responsible for reporting to the Trust and the local governing body respectively any material weaknesses or breakdowns in internal control. Detailed standing orders of the local governing body and the scheme of delegation to its two sub-committees were agreed by the local governing body on 5 May 2015.

The standing orders are kept under continuous review. Amendments to Annex E Powers of the Local Governing Body Delegated to the Headteacher were agreed at the meeting of the local governing body on 27 September 2016 as follows:

- To amend the wording Head of Department to Deputy Headteacher
- To allow the Headteacher to enter into service level agreements on behalf of the academy under £5,000.

Governance

The information on governance included here supplements that described in the Trustees' Report and in the Statement of Trustees' responsibilities. The board of trustees has formally met 6 times during the year and attendance at the meetings of the board of trustees was as follows:

Director Trustee	/ Meetings attended	Out of a possible
J. Brown (Chair)	6	6
B. Cooney	4	5
C. Fairclough	6	6
A. Owen	6	6
P. Briggs	5	6
K. Power	6	6

Liverpool City Region Academy Trust

Governance Statement (continued)

During the period 1 September 2015 to 14 November 2016 the Emslie Morgan Local Governing Body has formally met 5 times. Attendance during the year at meetings of the governing body was as follows:

Governor	Meetings attended	Out of a possible
D. Clark (Chair)	5	5
M. Jones	5	5
A. Whiteley	4	5
L. Wheatley (Head)	3	3
A. Brown (Staff)	2	2
P. Sheridan	5	5
L. Atkinson	4	5
J. Price	2	2
P. Birch (Staff)	2	2
M. Naylor (Parent)	0	1
J. Goalen (Head)	2	2

Following a skills audit the local governing body identified any gaps and used a skills based set of criteria to recruit and appoint new governors. Governors were selected on the basis of their skills set and experience to ensure that they were able to make an active and valuable contribution to the board.

The following were appointed during the course of 2015/16:

L. Atkinson	24 November 2015
J. Price	10 May 2016
P. Birch	10 May 2016
M. Naylor	12 July 2016

Detailed induction training was delivered to:

L. Atkinson	7 March 2016
J. Price	8 November 2016

Arrangements are being made for P. Birch and M. Naylor to attend induction training at the earliest opportunity.

The following resigned during the first year:

A. Brown	1 March 2016
S. Sheridan	12 July 2016
D. Clark	31 July 2016

There are two sub-committees of the governing body. The Resources Committee is a sub-committee of the main governing body. Its purpose is to assist the decision making of the Local Governing Body, by enabling more detailed consideration to be given to the best means of fulfilling the Local Governing Body's responsibility to ensure sound management of the academy's finances and resources, including proper planning, monitoring and probity.

The detailed terms of reference for this Committee were approved by the Local Governing Body on 5 May 2015.

Liverpool City Region Academy Trust

Governance Statement (continued)

There were 5 meetings during the year and attendance at meetings from 1 September 2015 to 14 November 2016 was as follows:

Governor	Meetings attended	Out of a possible
D. Clark	4	5
M. Jones	5	5
L. Wheatley	3	5
L. Atkinson	4	5
J. Goalen (Head)	2	5

The Quality and Standards Committee is a sub-committee of the main governing body. Its purpose is to assist the decision making of the Local Governing Body, by enabling more detailed consideration to be given to the best means of fulfilling the Local Governing Body's responsibility to promote excellent outcomes of student achievement and curriculum provision.

The detailed terms of reference for this Committee were approved by the Local Governing Body on 5 May 2015.

There were 3 meetings during the year and attendance at meetings from 1 September 2015 to 14 November 2016 was as follows:

Attendance at meetings in the year was as follows:

Governor	Meetings attended	Out of a possible
D. Clark	3	3
A. Whiteley	3	3
A. Brown	2	2
L. Wheatley	2	2
L. Atkinson	3	3
J. Goalen	1	1
P. Sheridan	3	3

On 27 September 2016 the local governing body agreed to adopt the Circle Model of Governance. The local governing body agreed to work as a whole team without any separate committees. Work previously carried out by the committees will be conducted by the local governing body and in order to facilitate this additional meetings have been arranged during 2016/17. An agenda for each meeting will include all the tasks which the governing body is required to consider, and the local governing body will commission assignments or activities arising from the business of the meeting, which will be recorded in the minutes.

Review of Value for Money

As accounting officer the Chief Executive 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 by:

Liverpool City Region Academy Trust

Governance Statement (continued)

The Purpose of the System of Internal Control

The system of internal control is designed to manage risk to a reasonable level rather than to eliminate all risk of failure to achieve policies, aims and objectives. It can, therefore, only provide reasonable and not absolute assurance of effectiveness. The system of internal control is based on an on-going process designed to identify and prioritise the risks to the achievement of academy trust policies, aims and objectives, to evaluate the likelihood of those risks being realised and the impact should they be realised, and to manage them efficiently, effectively and economically. The system of internal control has been in place in Liverpool City Region Academy Trust for the period 1 September 2015 to 31 August 2016 and up to the date of approval of the annual report and financial statements.

Capacity to Handle Risk

The board of trustees has reviewed the key risks to which the academy trust is exposed together with the operating, financial and compliance controls that have been implemented to mitigate those risks. The board of trustees 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 2015 to 31 August 2016 and up to the date of approval of the annual report and financial statements. This process is regularly reviewed by the board of trustees.

The Risk and Control Framework

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

- comprehensive budgeting and monitoring systems with an annual budget and periodic financial reports which are reviewed and agreed by the board of trustees
- regular reviews by the Resources 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 guidelines
- delegation of authority and segregation of duties
- identification and management of risks

Liverpool City Region Academy Trust

Governance Statement (continued)

Review of Effectiveness

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

- the work of the internal reviewer
- the work of the external auditor
- the financial management
- the work of the executive managers within the academy trust who have responsibility for the development and maintenance of the internal control framework

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

Approved by order of the members of the board of trustees on 6 December 2016 and signed on its behalf by:

Brian Cooney

Cathy Fairclough

Brian Cooney
Trustee

Catherine Fairclough
Trustee and Chief Executive

Liverpool City Region Academy Trust

Statement of Regularity, Propriety and Compliance

As accounting officer of Liverpool City Region Academy Trust I have considered my responsibility to notify the academy trust board of trustees and the Education Funding Agency of material irregularity, impropriety and non-compliance with EFA terms and conditions of funding, under the funding agreement in place between the academy trust and the Secretary of State for Education. As part of my consideration I have had due regard to the requirements of the Academies Financial Handbook.

I confirm that I and the academy trust board of trustees 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.

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 trustees and EFA.

Cathy Fairclough

Catherine Fairclough
Accounting Officer

6 December 2016

Liverpool City Region Academy Trust

Statement of Trustees' Responsibilities

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

Company law requires the trustees 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 charitable company and of its incoming resources and application of resources, including its income and expenditure, for that period. In preparing these financial statements, the trustees are required to:

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

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

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

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

Approved by order of the members of the board of trustees on 6 December 2016 and signed on its behalf by:

Brian Cooney

Brian Cooney
Trustee

Liverpool City Region Academy Trust

Independent Auditor's Report on the Financial Statements to the Members of Liverpool City Region Academy Trust

We have audited the accounts of Liverpool City Region Academy Trust for the period ended 31 August 2016 set out on pages 20 to 40. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice) and the Academies Accounts Direction 2015 to 2016 issued by the EFA.

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

Respective responsibility of Trustees and auditors

As explained more fully in the Trustees' Responsibilities Statement set out on page 15, the Trustees, who are also the directors of Liverpool City Region Academy Trust for the purposes of company law, are responsible for the preparation of the accounts and for being satisfied that they give a true and fair view.

Our responsibility is to audit and express an opinion on the accounts in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's Ethical Standards for Auditors.

Scope of the audit of the accounts

An audit involves obtaining evidence about the amounts and disclosures in the accounts sufficient to give reasonable assurance that the accounts are free from material misstatement, whether caused by fraud or error. This includes an assessment of: whether the accounting policies are appropriate to the charitable company's circumstances and have been consistently applied and adequately disclosed; the reasonableness of significant accounting estimates made by the Trustees; and the overall presentation of the accounts. In addition, we read all the financial and non-financial information in the Trustees' Annual Report to identify material inconsistencies with the audited accounts and to identify any information that is apparently materially incorrect based on, or materially inconsistent with, the knowledge acquired by us in the course of performing the audit. If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report.

Opinion on accounts

In our opinion the accounts:

- give a true and fair view of the state of the charitable company's affairs as at 31 August 2016 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 in accordance with the requirements of the Companies Act 2006; and
- have been prepared in accordance with the Academies Accounts Direction 2015 to 2016 issued by the EFA.

Liverpool City Region Academy Trust

Independent Auditor's Report on the Financial Statements to the Members of Liverpool City Region Academy Trust (continued)

Opinion on other matters

In our opinion the information given in the Trustees' Report for the financial period for which the accounts are prepared is consistent with the accounts.

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 accounts are not in agreement with the accounting records and returns; or
- certain disclosures of trustees' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit.

HBD Accountancy Services LLP

Benjamin Russell BSc ACA (Senior Statutory Auditor) for and on behalf of HBD Accountancy Services LLP

Chartered Accountants
Statutory Auditor
Gladstone House
2 Church Road
Liverpool
L15 9EG

Dated: December 2016

Liverpool City Region Academy Trust

Independent Reporting Accountant's Assurance Report on Regularity to Liverpool City Region Academy Trust and the Education Funding Agency

In accordance with the terms of our engagement letter and further to the requirements of the Education Funding Agency (EFA) as included in the Academies Accounts Direction 2015 to 2016, we have carried out an engagement to obtain limited assurance about whether the expenditure disbursed and income received by Liverpool City Region Academy Trust during the period 1 September 2015 to 31 August 2016 have been applied to the purposes identified by Parliament and the financial transactions conform to the authorities which govern them.

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

Respective responsibilities of Liverpool City Region Academy Trust's accounting officer and the reporting accountant

The accounting officer is responsible, under the requirements of Liverpool City Region Academy Trust's funding agreement with the Secretary of State for Education and the Academies Financial Handbook, extant from 1 September 2015, 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 2015 to 2016. We report to you whether anything has come to our attention in carrying out our work which suggests that in all material respects, expenditure disbursed and income received during the period 1 September 2015 to 31 August 2016 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 2015 to 2016 issued by EFA. 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.

Liverpool City Region Academy Trust

Independent Reporting Auditor's Assurance Report on Regularity to Liverpool City Region Academy Trust and the Education Funding Agency (continued)

The work undertaken to draw to our conclusion includes:

- Confirmation that the lines of delegation and limits imposed internally and by the EFA have been adhered to;
- Review of minutes of committees, management accounts and discussions held with key personnel;
- Evaluation of internal control procedures and reporting lines, and the implementation of such controls as were considered relevant, was checked;
- Ensure that key staff and trustees declared their interest in related parties and followed this up with discussion and testing;
- Review of financial transactions for any unusual transactions which maybe improper;
- Ensure that expenditure does not contravene the funding agreement.

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 2015 to 31 August 2016 has not been applied to purposes intended by Parliament and the financial transactions do not conform to the authorities which govern them.

HBD Accountancy Services LLP

Reporting Accountant

HBD Accountancy Services LLP

Dated: December 2016

Liverpool City Region Academy Trust

Statement of Financial Activities for the period ended 31 August 2016 (including Income and Expenditure Account and Statement of Total Recognised Gains and Losses)

	Note	Unrestricted Funds £'000	Restricted General Funds £'000	Restricted Fixed Asset Funds £'000	Total 2016 £'000	Total 2015 £'000
Income and endowments from:						
<i>Donations and capital grants</i>						
Transfer from LA on Conversion	21	-	-	-	-	984
<i>Charitable Activities</i>						
Funding for the academy trust's educational operations	2	-	1,680	-	1,680	1,048
Total income		-	1,680	-	1,680	2,032
Expenditure on:						
<i>Charitable activities:</i>						
Academy Trust educational operations	4	-	1,604	37	1,641	915
Total expenditure		-	1,604	37	1,641	915
Net income/expenditure		-	76	(37)	39	1,117
Transfers between funds		-	(14)	14	-	-
Net income/ (expenditure)		-	62	(23)	39	1,117
Other recognised gains and losses						
Actuarial gains/(losses) on defined benefit pension schemes	18	-	(258)	-	(258)	25
Net movement in funds		-	(196)	(23)	(219)	1,142
Reconciliation of funds						
Total funds brought forward at 1 September 2015		64	(185)	1,363	1,242	100
Total funds carried forward at 31 August 2016		64	(381)	1,340	1,023	1,242

All of the academy trust's activities derive from continuing operations during the above financial period.

The Statement of Financial Activities for the period ended 31st August 2015 can be found in note 20.

Liverpool City Region Academy Trust

Balance Sheet as at 31 August 2016

Company Number 08307770

	Notes	2016 £'000	2016 £'000	2015 £'000	2015 £'000
Fixed assets					
Tangible assets	8	-	1,340	-	1,363
Current assets					
Debtors	9	147		109	
Cash at bank and in hand		<u>459</u>		<u>376</u>	
		606		485	
Liabilities					
Creditors: Amounts falling due within one year	10	<u>(179)</u>		<u>(143)</u>	
Net current assets			427		342
Total assets less current liabilities			<u>1,767</u>		<u>1,705</u>
Net assets excluding pension liability			<u>1,767</u>		<u>1,705</u>
Pension scheme liability	18		(743)		(463)
Net assets including pension liability			<u>1,024</u>		<u>1,242</u>
Funds of the academy trust:					
Restricted funds					
Fixed asset fund	12		1,340		1,363
General fund	12		363		278
Pension reserve	12		(743)		(463)
Total restricted funds			<u>960</u>		<u>1,178</u>
Unrestricted funds					
General fund	12		64		64
Total unrestricted funds			<u>64</u>		<u>64</u>
Total funds			<u>1,024</u>		<u>1,242</u>

The financial statements on pages 20 - 40 were approved by the trustees and authorised for issue on 06 December 2016 and are signed on their behalf by:

Brian Cooney
Trustee

Liverpool City Region Academy Trust

Cash flow statement for the period ended 31 August 2016

	Notes	2016 £'000	2015 £'000
Net cash inflow from operating activities	14	83	287
Cash transferred on conversion to an Academy	15	-	64
Increase in cash in the year	16	<u>83</u>	<u>351</u>
Reconciliation of net cash flow to movement in net funds			
Net funds at 31 August 2015		376	25
Net funds at 31 August 2016	16	<u>459</u>	<u>376</u>

Liverpool City Region Academy Trust

Notes to the Financial Statements for the period ended 31 August 2016

Academy Trust Information

Liverpool City Region Academy Trust, formerly Sefton Education Trust, is a charitable company limited by guarantee incorporated in England and Wales. The registered office is Hugh Baird College, Balliol Road, Bootle L20 7EW.

1. Statement of accounting policies

Basis of Preparation

The financial statements of the multi academy trust, which is a public benefit entity under FRS102, have been prepared under the historical cost convention in accordance with the Financial Reporting Standard Applicable in the UK and the Republic of Ireland (FRS102), 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 the Republic of Ireland (FRS102) (Charities SORPP (FRS 102)), the Academies Accounts Direction 2015 to 2016 issued by the EFA, Charities Act 2011 and the Companies Act 2006.

Liverpool City Region Academy Trust meets the definition of a public benefit entity under FRS102. The financial statements are prepared in sterling, which is the functional currency of the Trust, Monetary amounts in these financial statements are rounded to the nearest £'000.

Going Concern

The trustees 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 trustees make this assessment in respect of a period of one year from the date of approval of the financial statements.

Incoming resources

All incoming resources are recognised when the academy trust has entitlement to the funds, certainty of receipt and the amount can be measured with sufficient reliability.

- **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 entitlement of receipt its recognition is deferred and included in creditors as deferred income. Where entitlement occurs before income is received, the income is accrued.

General Annual Grant is recognised in full in the year for which it is receivable and any unspent amount is reflected as a balance in the restricted fund.

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

Liverpool City Region Academy Trust

Notes to the Financial Statements for the period to 31 August 2016 (continued)

1. Statement of accounting policies (continued)

- **Sponsorship Income**

Sponsorship income provided to the academy trust which amounts to a donation is recognised in the Statement of Financial Activities in the period in which it is receivable, where there is certainty of receipt and it is measurable.

- **Donations**

Donations are recognised on a receivable basis where there is certainty of receipt and the amount can be reliably measured.

- **Other Income**

Other income, including the hire of facilities, is recognised in the period it is receivable and to the extent the goods have been provided or on completion of the service.

- **Donated goods, facilities and services**

The value of donated services and gifts in kind provided to the academy trust are recognised at their open market value in the period in which they are receivable as incoming resources, where the benefit to the academy trust can be reliably measured. An equivalent amount is included as expenditure under the relevant heading in the Statement of Financial Activities, except where the gift in kind was a fixed asset in which case the amount is included in the appropriate fixed asset category and depreciated over the useful economic life in accordance with academy trust's accounting policies.

Resources expended

Expenditure is recognised in the period in which a liability is incurred and has been classified under headings that aggregate all costs related to that category. Where costs cannot be directly attributed to particular headings they have been allocated on a basis consistent with the use of resources, with central staff costs allocated on the basis of time spent, and depreciation charges allocated on the portion of the asset's use. Other support costs are allocated based on the spread of staff costs.

- **Expenditure on Raising Funds**

These are costs incurred in attracting voluntary income, and those incurred in trading activities that raise funds.

- **Charitable Activities**

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

Liverpool City Region Academy Trust

Notes to the Financial Statements for the period to 31 August 2016 (continued)

1. Statement of accounting policies (continued)

Tangible Fixed Assets

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

Where tangible fixed assets have been acquired with the aid of specific grants, either from the government or from the private sector, they are included in the Balance Sheet at cost and depreciated over their expected useful economic life. 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 so as to reduce the fund over the useful economic life of the related asset on a basis consistent with the academy trust's depreciation policy. Where tangible fixed assets have been acquired with unrestricted funds, depreciation on such assets is charged to the unrestricted fund

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

- | | |
|-----------------------------------|-----------------|
| • Long leasehold buildings | 40 years |
| • Furniture and General Equipment | 10 years |
| • ICT equipment | 5 years |

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.

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

Leased Assets

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

Liverpool City Region Academy Trust

Notes to the Financial Statements for the period to 31 August 2016 (continued)

Taxation

The academy trust is considered to pass the tests set out in Paragraph 1 Schedule 6 of the Finance Act 2010 and therefore it meets the definition of a charitable company for UK corporation tax purposes. Accordingly, the academy trust is potentially exempt from taxation in respect of income or capital gains received within categories covered by part 11, chapter 3 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.

Pensions Benefits

The TPS is an unfunded scheme and contributions are calculated so as to spread the cost of pensions over employees' working lives with the academy trust in such a way that the pension cost is a substantially level percentage of current and future pensionable payroll. The contributions are determined by the Government Actuary on the basis of quadrennial valuations using a prospective unit credit method. As stated in note 29, 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.

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 a rate equivalent to the current rate of return on a high quality corporate bond of equivalent term and currency to the liabilities. The actuarial valuations are obtained at least triennially and are updated at each balance sheet date. The amounts charged to operating surplus are the current service costs and the costs of scheme introductions, benefit changes, settlements and curtailments. They are included as part of staff costs as incurred. Net interest on the net defined benefit liability/asset is also recognised in the Statement of Financial Activities and comprises the interest cost on the defined benefit obligation and interest income on the scheme assets, calculated by multiplying the fair value of the scheme assets at the beginning of the period by the rate used to discount the benefit obligations. The difference between the interest income on the scheme assets and the actual return on the scheme assets is recognised in other recognised gains and losses.

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 trust at the discretion of the trustees.

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 with restrictions imposed by the funder/donor and include grants from the Education Funding Agency.

Liverpool City Region Academy Trust

Notes to the Financial Statements for the period to 31 August 2016 (continued)

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 29, will impact the carrying amount of the pension liability. Furthermore a roll forward approach which projects results from the latest full actuarial valuation performed at 31 March 2013 has been used by the actuary in valuing the pensions liability at 31 August 2016. 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.

2 Funding for the Academy Trust's educational operations

	Unrestricted Funds £'000	Restricted Funds £'000	Total 2016 £'000	Total 2015 £'000
DfE / EFA grants				
General annual grant (GAG)	-	835	835	344
Start-up grants	-	-	-	25
Other DfE/EFA grants	-	407	407	433
	-	1,242	1,242	802
Other Government grants				
Local Government grants	-	436	436	246
Other Income	-	2	2	-
	-	1,680	1,680	1,048

Liverpool City Region Academy Trust

Notes to the Financial Statements for the period to 31 August 2016 (continued)

3 Expenditure

	Non Pay Expenditure			Total 2016 £'000	Total 2015 £'000
	Staff Costs £'000	Premises £'000	Other £'000		
Academy's educational operations:					
Direct costs	633	-	347	980	578
Allocated support costs	508	-	153	661	302
	1,141	-	500	1,641	880

	2016 £'000	2015 £'000
Net income/ (expenditure) for the period includes:		
Depreciation	37	35
Fees payable to auditor for:		
Audit	7	4
Other services	-	-

4 Charitable activities

	Total 2016 £000	Total 2015 £000
Direct costs – educational operations	988	578
Support Costs educational operations	653	336
	1,641	914
Analysis of Support costs		
Support staff costs	484	214
Depreciation	2	-
Technology costs	24	24
Premises costs	82	90
Other support costs	54	4
Governance costs	7	4
	653	336
Total direct and support costs	1,641	914

Liverpool City Region Academy Trust

Notes to the Financial Statements for the period to 31 August 2016 (continued)

5 Staff

a. Staff costs

Staff costs during the period were:

	Total 2016 £'000	Total 2015 £'000
Wages and salaries	641	330
Social security cost	49	20
Operating costs of defined benefit pension schemes	134	51
	<u>824</u>	<u>401</u>
Supply staff costs	317	151
Total staff costs	<u>1,141</u>	<u>552</u>

b. Non statutory/non-contractual staff severance payments

There were no non statutory/non-contractual staff severance payments

c. Staff numbers

The average number of persons employed by the academy during the period expressed as full time equivalents was as follows

	2016 No.	2015 No.
Charitable activities		
Teachers	6	6
Administration and support	14	13
Management	2	2
	<u>22</u>	<u>21</u>

d. Higher paid staff

There were no employees whose emoluments exceeded £60,000 during the period 1st September 2015 – 31st August 2016.

Liverpool City Region Academy Trust

Notes to the Financial Statements for the period to 31 August 2016 (continued)

6. Related Party Transactions – Trustees' remuneration and expenses

No trustees have been paid remuneration or has received other benefits from an employment with the academy trust.

Other related party transactions are set out in note 20.

7 Trustees and officers insurance

Liverpool City Region Academy Trust has opted into the Risk Protection Arrangements (RPA) for Multi-Academy Trusts. Under such arrangements, trustees and officers are protected from claims arising from negligent acts, error or omissions whilst on academy business. The RPA administrator's limit of liability in respect of the academy's governors' liability insurance cover stands at £5m for each and every loss. There is no limit of indemnity in respect of professional negligence and employer's liability insurance.

The costs incurred in opting into the Risk Protection Arrangements (RPA) for Multi-Academy Trusts is deducted at source by the EFA from Liverpool City Region Academy Trust's GAG funding.

Liverpool City Region Academy Trust

Notes to the Financial Statements for the period to 31 August 2016 (continued)

8 Tangible fixed assets

	Leasehold Land and Buildings	Furniture & Equipment	ICT Equipment	Total
	£'000	£'000	£'000	£'000
Cost				
At 1 September 2015	1,398	-	-	1,398
Additions	-	10	4	14
Disposals	-	-	-	-
At 31 August 2016	1,398	10	4	1,412
Depreciation				
At 1 September 2015	35	-	-	35
Charged in year	35	2	-	37
Disposals	-	-	-	-
At 31 August 2016	70	2	-	72
Net book values				
At 1 September 2015	1,363	-	-	-
At 31 August 2016	1,328	8	4	1,340

Liverpool City Region Academy Trust

Notes to the Financial Statements for the period to 31 August 2016 (continued)

9 Debtors

	2016 £'000	2015 £'000
Trade debtors	116	64
VAT recoverable	31	45
	<u>147</u>	<u>109</u>

10 Creditors: amounts falling due within one year

	2016 £'000	2015 £'000
Trade creditors	70	12
Taxation and social security	17	13
Other creditors	13	17
Accruals and deferred income	80	101
	<u>179</u>	<u>143</u>

11 Deferred Income

	2016 £'000	2015 £'000
Deferred income at start of the period	30	-
Resources deferred in the period	30	30
Amounts released from prior years	(30)	-
Deferred income at the close of period	<u>30</u>	<u>30</u>

The deferred income relates to excluded pupil income invoices raised in 2015/16 relating to the year 2016/17.

Liverpool City Region Academy Trust

Notes to the Financial Statements for the period to 31 August 2016 (continued)

12 Funds

Restricted funds	Balance at 1 September 2015 £000	Incoming resources £000	Resources expended £000	Gains, losses and transfers £000	Balance at 31 August 2016 £000
General Annual Grant (GAG)	-	835	(821)	(14)	-
Start Up Grant	-	-	-	-	-
Other DfE/EFA grants	278	845	(760)	-	363
Pension reserve	(463)		(22)	(258)	(743)
Total restricted general fund	(185)	1,680	(1,603)	(272)	(380)
Restricted fixed asset funds					
Property and fixtures	1,363	-	(37)	14	1,340
Total restricted fixed asset funds	1,363	-	(37)	14	1,340
Total restricted funds	1,078	1,680	(1,640)	(258)	1,340
Unrestricted funds	64	-	-	-	64
Total unrestricted funds	64	-	-	-	64
Total Funds	1,242	1,680	(1,640)	(258)	1,024

Fund balances at 31 August 2016 can be attributed to the Emslie Morgan Academy, the sole academy within the Multi-Academy Trust.

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

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 2016.

13 Analysis of net assets between funds

Fund balances at 31 August 2016 are represented by:

	Unrestricted Funds £'000	Restricted General Funds £'000	Restricted Fixed Asset Funds £'000	Total Funds £'000
Tangible fixed assets			1,340	1,340
Current assets	64	541	-	606
Current liabilities	-	(179)	-	(179)
Pension scheme liability	-	(743)	-	(743)
Total net assets	64	(380)	1,340	1,024

Liverpool City Region Academy Trust

Notes to the Financial Statements for the period to 31 August 2016 (continued)

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

	2016 £'000	2015 £'000
Net income	39	1,117
Cash impact of transfer on conversion (note 16)	-	(984)
Depreciation (note 9)	37	35
FRS 17 pension cost less contributions payable (note 19)	4	2
FRS 17 pension finance income (note 19)	19	8
(Increase)/decrease in debtors	(38)	(9)
Increase/(decrease) in creditors	36	118
Payments to acquire fixed assets	(14)	-
Net cash / (used in) Operating Activities	83	287

15 Cash Transferred on Conversion to an Academy

	2016 £'000	2015 £'000
Cash balance transferred on conversion	-	64
Total cash transferred	-	64

16 Analysis of change in net funds

	At 1 September 2015 £'000	Cash flows £'000	At 31 August 2016 £'000
Cash in hand and at bank	376	83	459
Total cash and cash equivalents	376	83	459

17 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.

Liverpool City Region Academy Trust

Notes to the Financial Statements for the period to 31 August 2016 (continued)

18 Pension and similar obligations

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

Introduction

The Teachers' Pension Scheme (TPS) is a statutory, contributory, defined benefit scheme, governed by the Teachers' Pensions Regulations (2010) and, from 1 April 2014, by the Teachers' Pension Scheme Regulations 2014. Membership is automatic for full-time teachers in academies and, from 1 January 2007, automatic for teachers in part-time employment following appointment or a change of contract, although they are able to opt out.

The TPS is an unfunded scheme and members contribute on a 'pay as you go' basis – these contributions along with those made by employers are credited to the Exchequer. Retirement and other pension benefits are paid by public funds provided by Parliament.

Valuation of the Teachers' Pension Scheme

Not less than every four years the Government Actuary, using normal actuarial principles, conducts a formal actuarial review of the TPS in accordance with the Public Service Pensions (Valuations and Employer Cost Cap) Directions 2014 published by HM Treasury. The aim of the review is to specify the level of future contributions. Actuarial scheme valuations are dependent on assumptions about the value of future costs, design of benefits and many other factors. The latest actuarial valuation of the TPS was carried out as at 31 March 2012 and in accordance with the Public Service Pensions (Valuations and Employer Cost Cap) Directions 2014. The valuation report was published by the Department for Education on 9 June 2014. The key elements of the valuation and subsequent consultation are:

- employer contribution rates set at 16.48% of pensionable pay (including a 0.08% employer administration charge (currently 14.1%))
- total scheme liabilities (pensions currently in payment and the estimated cost of future benefits) for service to the effective date of £191,500 million, and notional assets (estimated future contributions together with the notional investments held at the valuation date) of £176,600 million giving a notional past service deficit of £14,900 million
- an employer cost cap of 10.9% of pensionable pay will be applied to future valuations
- the assumed real rate of return is 3.0% in excess of prices and 2% in excess of earnings. The rate of real earnings growth is assumed to be 2.75%. The assumed nominal rate of return is 5.06%

During the period the employer contribution rate was 14.1%. The TPS valuation for 2012 determined an employer rate of 16.4% from September 2015, which will be payable during the implementation period until the next valuation as at March 2016, whereupon the employer contribution rate is expected to be reassessed and will be payable from 1 April 2019.

Liverpool City Region Academy Trust

Notes to the Financial Statements for the period to 31 August 2016 (continued)

18 Pension and similar obligations (continued)

The pension costs paid to TPS in the period amounted to £75,570

A copy of the valuation report and supporting documentation is on the [Teachers' Pensions website](#).

Under the definitions set out in Financial Reporting Standard (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.

Local Government Pension Scheme

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 2016 was £64,752, of which employer's contributions totaled £45,274 and employees' contributions totaled £19,478. The agreed contribution rates for future years are 14.2% per cent for employers and an average rate of 6.1% per cent for employees.

As described in note 18 the LGPS obligation relates to the employees of the academy trust, who were the employees transferred as part of the conversion from the maintained school and new employees who were eligible to, and did, join the scheme in the year/period. The obligation in respect of employees who transferred on conversion represents their cumulative service at both the predecessor school and the academy trust at the balance sheet date.

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

Principal actuarial assumptions

At 31 August 2016

Rate of increase in salaries	4.00%
Rate of increase for pensions in payment/inflation	2.80%
Discount rate for scheme liabilities	5.90%
Inflation assumption (CPI)	2.90%

Liverpool City Region Academy Trust

Notes to the Financial Statements for the period to 31 August 2016 (continued)

18 Pension and similar obligations (continued)

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 2015	At 31 August 2016
<i>Retiring today</i>		
Males	22.4	22.5
Females	25.3	25.4
<i>Retiring in 20 years</i>		
Males	24.8	24.9
Females	28.1	28.2

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

	Expected return at 31 August 2015	Fair value at 31 August 2015 £'000	Expected return at 31 August 2016	Fair value at 31 August 2016 £'000
Equities	60.1%	21		70
Bonds	19%	7		22
Property	8.6%	3		11
Cash / Liquidity	2.9%	1		5
Other	9.4%	3		26
Total market value of assets		35		134
Present value of scheme liabilities				
Funded		(498)		(877)
Deficit in the scheme		(463)		(743)

Amounts recognised in the statement of financial activities

	2015 £'000	2016 £'000
Current service cost (net of employee contributions)	(30)	(67)
Total operation charge	(30)	(67)

Liverpool City Region Academy Trust

Notes to the Financial Statements for the period to 31 August 2016 (continued)

18 Pension and similar obligations (continued)

Analysis of pension finance income/(costs)

	2015 £'000	2016 £'000
Expected return on pension scheme assets	-	-
Interest on pension liabilities	(8)	(19)
Pension finance income/(costs)	(8)	(16)

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

	2015 £'000	2016 £'000
At 1 September 2015	-	498
Current service cost	30	67
Interest cost	8	19
Employee contributions	8	23
Actuarial (gain)/loss	(26)	270
Benefits paid	-	-
Past service cost	-	-
Transfer in from new Academy	478	-
At 31 August 2016	498	877

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

	2015 £'000	2016 £,000
At 1 September 2015	-	35
Expected returns on assets	-	3
Remeasurements (assets)	-	12
Actuarial gain/(loss)	(1)	(2)
Employer contributions	28	63
Employee contributions	8	23
Benefits paid	-	-
At 31 August 2016	35	134

The five year history of experience adjustments is as follows:

	2015 £'000	2016 £'000
Present value of funded benefit obligations	(498)	(877)
Fair value of plan assets	35	134
Deficit in the scheme	(463)	(743)
Experience (gains)/losses on assets		

Liverpool City Region Academy Trust

Notes to the Financial Statements for the period to 31 August 2016 (continued)

19 Related party transactions

Owing to the nature of the academy trust's and the composition of the board of trustees being drawn from local public and private sector organisations, transactions may take place with organisations in which the trust has an interest. All transactions involving such organisations are conducted at arm's length and in accordance with the trust's financial regulations and normal procurement procedures.

Hugh Baird College is the sponsor of Liverpool City Region Academy Trust. Emslie Morgan Academy is the sole member school of Liverpool City Region Academy Trust. Mr. B Cooney, Chair of Liverpool City Region Academy Trust.

During the year Hugh Baird College has been settling purchase invoices and purchased goods and services on behalf of Liverpool City Region Academy Trust and Emslie Morgan Academy with a total value of £94,366. In addition, Hugh Baird College has invoiced Emslie Morgan Academy for £7,631 in respect of accounting and administration services provided to the Trust during the year. The balance outstanding at the end of the year was £nil.

No central services were provided by the Trust to the academy during the period and no central charges arose.

Liverpool City Region Academy Trust

Notes to the Financial Statements for the period to 31 August 2016 (continued)

20 Statement of Financial Activities

Statement of Financial Activities
for the period ended 31 August 2015
(including Income and Expenditure Account and Statement of Total Recognised Gains and Losses)

	Note	Unrestricted Funds £'000	Restricted General Funds £'000	Restricted Fixed Asset Funds £'000	Total 2015 £'000	Total 2014 £'000
Income and endowments from:						
<i>Donations and capital grants</i>						
Transfer from LA on Conversion		64	(478)	1,398	984	-
<i>Charitable Activities</i>						
Funding for the academy trust's educational operations		-	1,048	-	1,048	100
Total income		64	570	1,398	2,032	100
Expenditure on:						
<i>Charitable activities:</i>						
Academy Trust educational operations		-	880	35	915	-
Total expenditure		-	880	35	915	100
Net income/expenditure		64	(310)	1,363	1,117	100
Transfers between funds		-	-	-	-	-
Net income/ (expenditure)		64	(310)	1,363	1,117	100
Other recognised gains and losses						
Actuarial gains/(losses) on defined benefit pension schemes		-	25	-	25	-
Net movement in funds		64	(285)	(1,363)	1,142	100
Reconciliation of funds						
Total funds brought forward at 1 December 2014		-	100	-	100	-
Total funds carried forward at 31 August 2015		64	(185)	1,363	1,242	100