

Liverpool City Region Academy Trust
A Company Limited by Guarantee
Annual Report and Financial Statements
For the Period Ended 31 August 2018

Company Registration Number 08307770

Liverpool City Region Academy Trust

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Reference and Administrative Details

Members	J Brown Hugh Baird (Y Williams) C Fairclough (resigned 27 July 2018) O Jones B Cooney (resigned 12 September 2018) M Larkin (appointed 5 September 2018)
Trustees	B Cooney (Chair) (resigned as Chair 24 August 2018 and as Trustee 12 September 2018) J Brown (appointed Chair 24 August 2018) C Fairclough (resigned 27 July 2018) A Owen (resigned 14 May 2018) P Briggs (resigned 1 March 2018) L Jones N Ward (appointed 19 April 2018) M Larkin (appointed 5 September 2018)
Chief Executive	C Fairclough (resigned 27 July 2018) M Larkin (appointed Interim Chief Executive from 27 July 2018)
Chief Finance Officer	M Larkin
Company Secretary	A-M Nixon
Senior Management Team: Head Teacher at Emslie Morgan	S Jamieson (Interim Head Teacher until 25 September 2017) (resigned 31 August 2018) E Atkinson (Head Teacher from 1 August 2018)
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 2017 to 31 August 2018. 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 100 and had a roll of 50 in the school census in October 2018.

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 2017/18 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 Inspiring Governance were channels used to recruit new members.

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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. Ms. Jones attended induction following receipt and analysis of skills audit returns. Mr. Ward's appointment was based on his skills and expertise as a Chief Executive of a Multi Academy Trust with significant rebrokerage experience, and was in accordance with DfE advice for Mr. Ward to mentor the Chair, Chief Executive and the Trust through the rebrokerage process. 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.

The existing Local Governing Body signed a Code of Conduct in Autumn 2017 and this was also signed by new governors when they joined the Local Governing Body during 2017/18. The Scheme of Delegation was adopted by the Local Governing Body in the Autumn Term and a revised Scheme of Delegation was received from LCRAT and adopted by the Local Governing Body in February 2018.

Training schedules have been provided to the Local Governing Board during the year and procedures were established for the booking of Governor Training to be done via the School Business Manager.

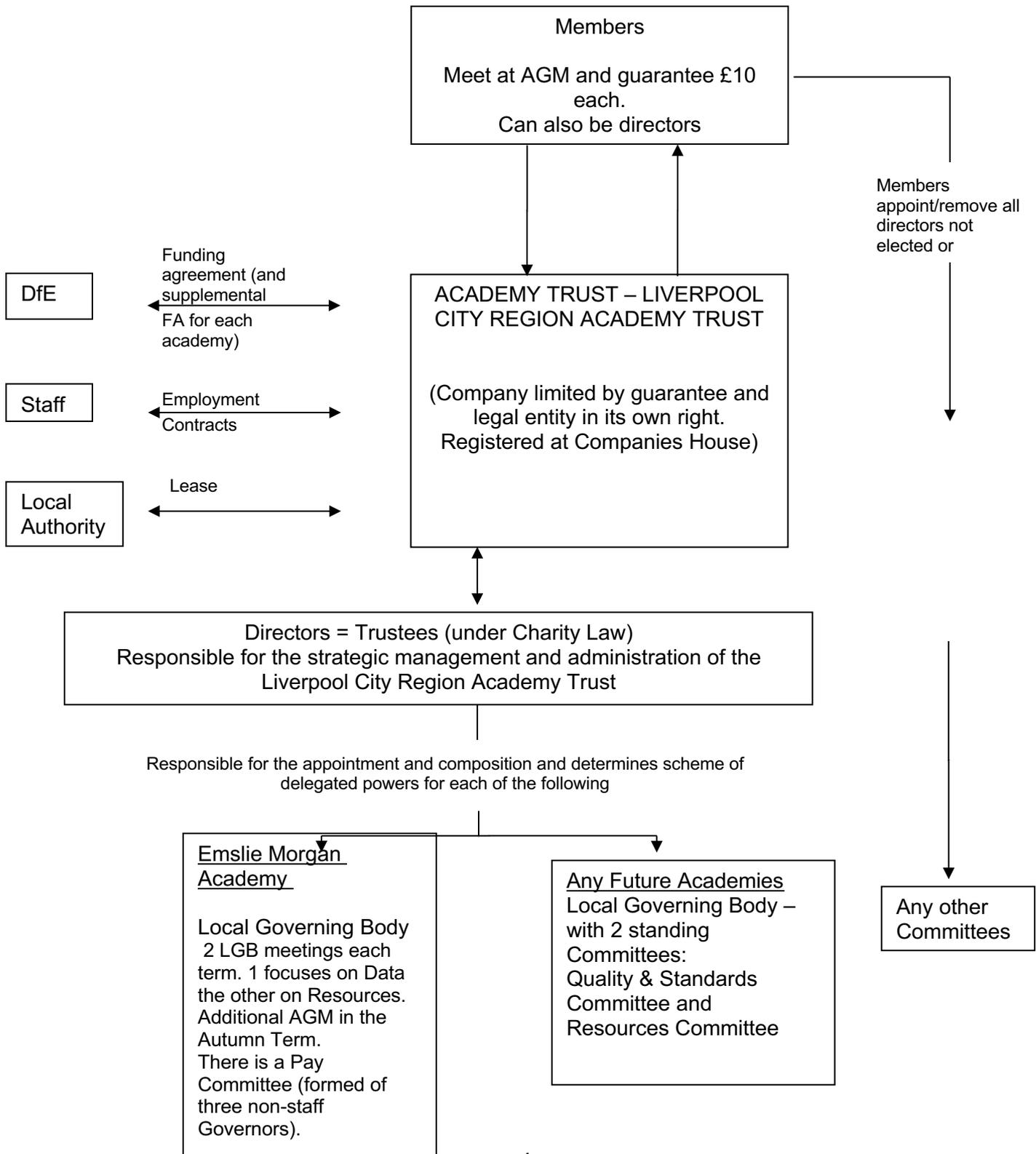
A Governance Review was undertaken in May 2018 and this involved a presentation from Mr S Whatmore (NLG) to Governors on what was expected of Governors and gave guidance on how this should best be achieved. An interim report was received and shared with the Chair of Governors, but the final report has not been received.

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Trustees' Report (continued)

Organisational Structure

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



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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 18.

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 and returned to the role of Chair from 24 August 2018.

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 2017/18 continued to be direct intervention to improve standards of teaching and learning. External support to intervene and address long standing issues was introduced and directed by the Chief Executive.

The key strategies included:

- drawing up a set of Key Performance Indicators in relation to pupil attendance, attainment, behavior and progression.
- a schedule of delegation clearly outlining role and responsibilities of governors and the Head teacher
- 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

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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 was 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.

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Trustees' Report (continued)

Strategic Report

Key Performance Indicators

The academic results for the year 31 August 2018 were very disappointing and fell behind the improving trend from previous years.

From a year 11 cohort of 45 students, 66.7% achieved 1 GCSE grade 9-1 compared to 79% in the previous year and 13.3% achieved 5 or more GCSE passes, compared to 38.0% in the previous year. Whilst each cohort of learners presents individual challenges, the school has not met national benchmarks for GCSE achievement for comparable provision.

Attendance continues to present a significant challenge and is a key barrier to successful achievement of outcomes for learners. 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.

On 8 November 2017 an Ofsted inspection took place. The Ofsted inspection judged that the school was "Inadequate" in all areas and concluded that the school required special measures.

Following the Ofsted judgement and monitoring by the DfE, on 9th February 2018 the Regional Schools Commissioner for Lancashire and West Yorkshire issued a Termination Warning Notice in respect of Emslie Morgan Academy and noted that the Board of Trustees agreed that Emslie Morgan Academy would be better placed with another multi-academy trust. Since that time LCRAT has worked with the DfE to achieve rebrokerage of the school to a successor Trust.

Going Concern

In accordance with their responsibilities, the Trustees have considered the appropriateness of the going concern basis for the preparation of the financial statements.

Whilst rebrokerage has not yet concluded, the Trust is working to ensure that Emslie Morgan Academy transfers to a new Trust as swiftly as possible. As Emslie Morgan Academy is the only school within the Trust and the Trust does not have any other trading operations, the Board of Trustees does not believe that the going concern basis to be appropriate. Accordingly, these financial statements are prepared on a basis other than going concern.

Financial Review

Most of the Trust's income is obtained from the ESFA in the form of grants, the use of which is restricted for particular purposes. The grants received from the ESFA during the year ended 31 August 2018 and the associated expenditure are shown as restricted funds in the Statement of Financial Activities.

During the year ended 31 August 2018, total expenditure of £3,421,000 was disbursed which was partially covered by grant funding from the ESFA together with other incoming resources as well as utilisation of accumulated reserves. Excess costs were incurred in supporting the school to improve from the outcomes of the Ofsted judgement. Fixed assets have been fully written off in the year recognising that there is no future economic value to the Trust in the light of the expected rebrokerage of Emslie Morgan Academy. The excess of expenditure over income for the year was £(1,906,000), excluding actuarial gains on the defined benefit scheme.

The Trust held fund balances at 31st August 2018 of £121,000 of unrestricted funds, £ (667,000) of

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restricted funds and restricted fixed assets of nil having being fully written down during the period. The closing net reserves for 2017/18 was £546,000. Unrestricted funds held are currently designated to fund future expenditure in relation to the Emslie Morgan Solar Campus and future operational requirements of the Emslie Morgan Academy.

Principal Risks and Uncertainties

Whilst the Trust will continue to operate Emslie Morgan Academy until rebrokerage is concluded, the challenge for the Board will be to run the rebrokerage process effectively to ensure matters are dealt with in a timely and efficient manner.

During the continued operation of Emslie Morgan 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. The Local Authority Designated Officer has delivered safeguarding training on the first INSET day of the new academic year and external consultancy support has been commissioned by the Trust to review all safeguarding processes and procedures. However, the Trust recognizes that mitigating all risks in this area is extremely challenging.

Plans for Future Periods

The Trust The Trust expects to transfer the operation of Emslie Morgan Academy to a successor Trust, and does not have any intentions to take on any further academies.

Reserves Policy

In light of the expected rebrokerage of the academy the Trustees have determined that the previous reserves policy is no longer appropriate. In order to facilitate an orderly rebrokerage of the academy, the Trust will work with the ESFA to ensure that the costs of the rebrokerage are fully met.

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 13 December 2018 and signed on the board's behalf by:

J Brown

James Brown
Chair

13 December 2018

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 subsequently to M Larkin as Interim Chief Executive) 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 City Region Academy Trust and the Secretary of State for Education. The Chief Executive Officer is 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 have been approved.

The standing orders are kept under continuous review. Amendments to Annex E Powers of the Local Governing Body Delegated to the Head teacher 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 Head teacher
- To allow the Head teacher 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 7 times during the year (1 September 2017 – 31 August 2018) and attendance at the meetings of the board of trustees was as follows:

Director / Trustee	Meetings attended	Out of a possible
J. Brown	5	7
B. Cooney (Chair)	5	7
C. Fairclough	6	6
A. Owen	2	4
P. Briggs	2	3
L. Jones	6	7
N. Ward	3	4

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Governance Statement (continued)

During the period 1st September 2017 to 31st August 2018 the Emslie Morgan Local Governing Body has formally met six times. Attendance during the year at meetings of the governing body was as follows:

Governor	Meetings attended	Out of a possible
L Atkinson	2	2
D Tolcher	2	5
P Birch	4	6
S Jamieson (HT)	4	5
Prof M Jones	3	6
E Phipps	1	4
T Collins	5	5
J Price	1	1
J Whisker	5	5
C Rogerson	1	4
S Turner	2	3
M Taylor	1	1
C Fairclough	4	5
A Owen	4	4

In addition, the Staff Disciplinary Panel met on one occasion (March 2018); the following Governors attended:

J Whisker, T Collins and Prof M Jones

The Pay Committee met on two occasions to discuss Staffing Matters; the following Governors attended:

J Whisker (2), T Collins (2), S Turner (2) and Prof M Jones (1)

Following a skills audit the local governing body identified gaps and used 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 recruitment of Governors became the responsibility of LCRAT in February 2018 under the New Scheme of Delegation, but permission was given to appoint Ms C Rogerson who had been recruited by the LGB.

The following were appointed during the course of 2017/18:

D. Tolcher 14th December 2017

T. Collins 14th December 2017

J. Whisker 14th December 2017

C Rogerson 12th March 2018

S Turner 2nd May 2018

M Taylor (Interim HT) 2nd July 2018

The following were appointed up to 25th October, 2018

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M Larkin 1st September 2018

E Atkinson (HT) 24th September 2018

The following resigned during the course of 2017/18:

J Price 9th November 2017

L Atkinson 12th February 2018

A Owen 1st July 2018

S Jamieson (HT) 2nd July 2018

M Taylor (Interim HT) 31st August 2018

C Fairclough 31st August 2018

The following resigned up to 25th October, 2018

D Tolcher 10th September 2018

The following term of office ended during the course of 2017/18:

E Phipps 28th June 2018

Vacancies

Two parent Governors

Chair of Governors

L Atkinson – until 12th February, 2018

A Owen – 12th February, 2018 until 2nd May, 2018

J Whisker – 2nd May, 2018 onwards

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Governance Statement (continued)

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:

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 2017 to 31 August 2018 and up to the date of approval of the annual report and financial statements.

Capacity to Handle Risk

The board of 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 2017 to 31 August 2018 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

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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 13 December 2018 and signed on its behalf by:

J Brown

M Larkin

James Brown
Trustee

Matthew Larkin
Trustee and Interim 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 ESFA 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 ESFA.

M Larkin

Matthew Larkin
Accounting Officer

13 December 2018

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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 ESFA/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 13 December 2018 and signed on its behalf by:

J Brown

James Brown
Trustee

13 December 2018

Liverpool City Region Academy Trust

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

Opinion

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

In our opinion the accounts:

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

Basis for opinion

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

Conclusions relating to going concern

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

- the 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.

Other information

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

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

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Opinions on other matters prescribed by the Companies Act 2006

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

- the information given in the 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

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

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

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

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 accounts

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

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

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Use of our report

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

B Russell

**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: 20 December 2018

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

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

This report is made solely to Liverpool City Region Academy Trust and ESFA 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 ESFA those matters we are required to state in a report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than Liverpool City Region Academy Trust and ESFA, 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 2017 to 2018. We report to you whether anything has come to our attention in carrying out our work which suggests that in all material respects, expenditure disbursed and income received during the period 1 September 2017 to 31 August 2018 have not been applied to purposes intended by Parliament or that the financial transactions do not conform to the authorities which govern them.

Approach

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

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

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

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

Liverpool City Region Academy Trust

The work undertaken to draw to our conclusion includes:

- Confirmation that the lines of delegation and limits imposed internally and by the ESFA 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 2017 to 31 August 2018 has not been applied to purposes intended by Parliament and the financial transactions do not conform to the authorities which govern them.

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: 20 December 2018

Liverpool City Region Academy Trust

Statement of Financial Activities for the period ended 31 August 2018 (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 2018 £'000	Total 2017 £'000
Income and endowments from:						
Funding for the academy trust's educational operations	2	313	1,202	-	1,515	1,769
Total income		313	1,202	-	1,515	1,769
Expenditure on:						
<i>Charitable activities:</i>						
Academy Trust educational operations	4	(961)	(1,025)	(1,435)	(3,421)	(1,618)
Total expenditure		(961)	(1,025)	(1,435)	(3,421)	(1,618)
Net income/expenditure		(648)	177	(1,435)	(1,906)	151
Transfers between funds	12	172	(259)	87	-	-
Net income/ (expenditure)		(476)	(82)	(1,348)	(1,906)	151
Other recognised gains and losses						
Actuarial gains/(losses) on defined benefit pension schemes	17	-	95	-	95	90
Net movement in funds		(476)	13	(1,348)	(1,811)	241
Reconciliation of funds						
Total funds brought forward at 1 September 2017		597	(680)	1,348	1,265	1,024
Total funds carried forward at 31 August 2018		121	(667)	-	546	1,265

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 2017 can be found in note 19.

Liverpool City Region Academy Trust

Balance Sheet as at 31 August 2018

Company Number 08307770

	Notes	2018 £'000	2018 £'000	2017 £'000	2017 £'000
Fixed assets					
Tangible assets	8	-	-	-	1,348
Current assets					
Debtors	9	79		218	
Cash at bank and in hand	15	<u>405</u>		<u>715</u>	
		484		933	
Liabilities					
Creditors: Amounts falling due within one	10	<u>363</u>		<u>296</u>	
Net current assets			121		637
Total assets less current liabilities			<u>121</u>		<u>1,985</u>
Net assets excluding pension liability			<u>121</u>		<u>1985</u>
Pension scheme liability	17		(667)		(720)
Net assets including pension liability			<u>(546)</u>		<u>1,265</u>
Funds of the academy trust:					
Restricted funds					
Fixed asset fund	12		-		1,348
General fund	12		-		40
Pension reserve	12		(667)		(720)
Total restricted funds			<u>(667)</u>		<u>668</u>
Unrestricted funds					
General fund	12		121		597
Total unrestricted funds			<u>121</u>		<u>597</u>
Total funds			<u>(546)</u>		<u>1,265</u>

The financial statements on pages 21 - 41 were approved by the trustees and authorised for issue on 13 December 2018 and are signed on their behalf by:

J Brown

James Brown
Trustee

Liverpool City Region Academy Trust

Cash flow statement for the period ended 31 August 2018

	Notes	2018 £'000	2017 £'000
Net cash inflow from operating activities	14	(309)	255
Increase in cash in the year	16	<u>(309)</u>	<u>255</u>
Reconciliation of net cash flow to movement in net funds			
Net funds at 31 August 2017		714	459
Net funds at 31 August 2018	16	<u>405</u>	<u>714</u>

Liverpool City Region Academy Trust

Notes to the Financial Statements for the period ended 31 August 2018

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 SORP (FRS 102)), the Academies Accounts Direction 2017 to 2018 issued by the ESFA, 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 accounts are prepared on the basis other than going concern, as the Trust has entered into re-brokerage with the Department of Education.

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 2018 (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 2018 (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 2018 (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

Retirement benefits to employees of the academy trust are provided by the Teachers' Pension Scheme ('TPS') and the Merseyside Pension Fund ('MPF').

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 18, 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 MPF 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 and Skills Funding Agency.

Liverpool City Region Academy Trust

Notes to the Financial Statements for the period to 31 August 2018 (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 18, 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 2017 has been used by the actuary in valuing the pensions liability at 31 August 2018. Any differences between the figures derived from the roll forward approach and a full actuarial valuation would impact on the carrying amount of the pension liability.

2 Funding for the Academy Trust's educational operations

	Unrestricted Funds £'000	Restricted Funds £'000	Total 2018 £'000	Total 2017 £'000
DfE / ESFA grants				
General annual grant (GAG)	-	1,025	1,025	830
Other income / DfE/ESFA grants		177	177	541
	-	1,202	1,202	1,371
Other Government grants				
Local Government grants	309	-	309	398
Other Income	4	-	4	-
	313	1,202	1,515	1,769

Liverpool City Region Academy Trust

Notes to the Financial Statements for the period to 31 August 2018 (continued)

3 Expenditure

	Non Pay Expenditure			Total 2018 £'000	Total 2017 £'000
	Staff Costs £'000	Premises £'000	Other £'000		
Academy's educational operations:					
Direct costs	740	-	429	1,169	891
Allocated support costs	489	-	1,763	2,252	727
	1,229	-	2,192	3,421	1,618

	2018 £'000	2017 £'000
Net income/ (expenditure) for the period includes:		
Depreciation (note 8)	1,434	38
Fees payable to auditor for:		
Audit	14	8
Other services	-	-

4 Charitable activities

	Total 2018 £000	Total 2017 £000
Direct Costs – educational operations	1,169	892
Support Costs – educational operations	2,252	726
	3,421	1,618
Analysis of Support costs		
Support staff costs	489	585
Depreciation		2
Technology costs	15	12
Premises costs	76	62
Other support costs	1,672	65
Goverance costs		-
	2,252	726
Total direct and support costs	<u>3,421</u>	<u>1,618</u>

Liverpool City Region Academy Trust

Notes to the Financial Statements for the period to 31 August 2018 (continued)

5 Staff

a. Staff costs

Staff costs during the period were:

	Total 2018 £'000	Total 2017 £'000
Wages and salaries	693	734
Social security cost	64	64
Operating costs of defined benefit pension schemes	151	193
	<hr/>	<hr/>
	908	991
	<hr/>	<hr/>
Supply staff costs	321	80
Total staff costs	<u>1,229</u>	<u>1,071</u>

b. Non statutory/non-contractual staff severance payments

There are no contractual staff severance payments included in the above.

c. Staff numbers

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

	2018 No.	2017 No.
Charitable activities		
Teachers	10	10
Administration and support	15	14
Management	2	2
	<hr/>	<hr/>
	<u>27</u>	<u>26</u>

d. Higher paid staff

There was one employee whose emoluments were £60,000 - £70,000 during the period 1st September 2017 – 31st August 2018.

Liverpool City Region Academy Trust

Notes to the Financial Statements for the period to 31 August 2018 (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 18.

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 ESFA 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 2018 (continued)

8 Tangible fixed assets

	Leasehold Land and Buildings	Furniture & Equipment	ICT Equipment	Total
	£'000	£'000	£'000	£'000
Cost				
At 1 September 2017	1,444	4	10	1,458
Additions	87	-	-	87
Disposals	-	-	-	-
At 31 August 2018	1,531	4	10	1,545
Depreciation				
At 1 September 2017	106	1	4	111
Charged in year	42	-	-	42
Exceptional Depreciation	1,383	3	6	1,392
Disposals	-	-	-	-
At 31 August 2018	1,531	4	10	1,545
Net book values				
At 1 September 2017	1,338	3	6	1,348
At 31 August 2018	-	-	-	-

Liverpool City Region Academy Trust

Notes to the Financial Statements for the period to 31 August 2018 (continued)

9 Debtors

	2018 £'000	2017 £'000
Trade debtors	47	171
VAT recoverable	32	47
	<u>79</u>	<u>218</u>

10 Creditors: amounts falling due within one year

	2018 £'000	2017 £'000
Trade creditors	67	215
Taxation and social security	30	17
Other creditors	16	13
Accruals and deferred income	250	51
	<u>363</u>	<u>296</u>

11 Deferred Income

	2018 £'000	2017 £'000
Deferred income at start of the period		30
Resources deferred in the period	124	-
Amounts released from prior years	-	(30)
Deferred income at the close of period	<u>124</u>	<u>-</u>

Liverpool City Region Academy Trust

Notes to the Financial Statements for the period to 31 August 2018 (continued)

12 Funds

Restricted funds	Balance at 1 September 2017 £000	Incoming resources £000	Resources expended £000	Gains, losses and transfers £000	Balance at 31 August 2018 £000
General Annual Grant (GAG)	-	1025	(983)	(42)	-
Other DfE/ESFA grants	40	177		(217)	-
Pension reserve	(720)		(42)	95	(667)
Total restricted general fund	(680)	1,202	(1,025)	(164)	(667)
Restricted fixed asset funds					
Property and fixtures	1,348	-	(1,435)	87	-
Total restricted fixed asset funds	1,348	-	(1,435)	87	-
Total restricted funds	668	1,202	(2,460)	(77)	(667)
Unrestricted funds	597	313	(961)	172	121
Total unrestricted funds	597	313	(961)	172	121
Total Funds	1,265	1,515	(3,421)	95	(546)

Fund balances at 31 August 2018 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 2018.

13 Analysis of net assets between funds

Fund balances at 31 August 2018 are represented by:

	Unrestricted Funds £'000	Restricted General Funds £'000	Restricted Fixed Asset Funds £'000	Total Funds £'000
Tangible fixed assets	-	-	-	-
Current assets	484	-	-	484
Current liabilities	(363)	-	-	(363)
Pension scheme liability	-	(667)	-	(667)
Total net assets	121	(667)	-	(546)

Liverpool City Region Academy Trust

Notes to the Financial Statements for the period to 31 August 2018 (continued)

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

	2018 £'000	2017 £'000
Net income	(1,906)	151
Depreciation (note 8)	1,434	39
FRS 17 pension cost less contributions payable (note 17)	42	49
FRS 17 pension finance income (note 17)		20
(Increase)/decrease in debtors (note 9)	140	(71)
Increase/(decrease) in creditors (note 10)	68	117
Payments to acquire fixed assets (note 8)	(87)	(46)
Net cash / (used in) Operating Activities	(309)	255

15 Analysis of change in net funds

	At 1 September 2017 £'000	Cash flows £'000	At 31 August 2018 £'000
Cash in hand and at bank	714	(309)	405
Total cash and cash equivalents	714	(309)	405

16 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 2018 (continued)

17 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 Merseyside Pension Fund (MPF) for non-teaching staff. 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% which was payable from September 2015. The next valuation of the TPS is currently underway based on April 2017 data, 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 2018 (continued)

17 Pension and similar obligations (continued)

The pension costs paid to TPS in the period amounted to £57,610.41(2017 £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.

Merseyside Pension Fund

The Merseyside Pension Fund (MPF) 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 2018 was £68,212 (2017 £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.

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 2018	At 31 August 2017
Rate of increase in salaries	3.60%	3.70%
Rate of increase for pensions in payment/inflation	2.20%	2.20%
Discount rate for scheme liabilities	2.80%	2.50%
Inflation assumption (CPI)	2.10%	2.20%

Liverpool City Region Academy Trust

Notes to the Financial Statements for the period to 31 August 2018 (continued)

17 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 2018	At 31 August 2017
<i>Retiring today</i>		
Males	22.0	21.9
Females	24.8	25.4
<i>Retiring in 20 years</i>		
Males	25.0	24.9
Females	27.8	27.7

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 2018	Fair value at 31 August 2018 £'000	Expected return at 31 August 2017	Fair value at 31 August 2017 £'000
Equities	52.0%	165	52.4%	147
Govt Bonds	3.4%	11	3.4%	9
Other Bonds	11.8%	38	12.1%	34
Property	9.1%	29	8%	22
Cash / Liquidity	3.1%	10	4.8%	13
Other	20.6.3%	66	19.3%	54
Total market value of assets		319		279
Present value of scheme liabilities				
Funded		(986)		(999)
Deficit in the scheme		(667)		(720)

Amounts recognised in the statement of financial activities

	2018 £'000	2017 £'000
Current service cost (net of employee contributions)	(73)	(120)
Total operation charge	(73)	(120)

Liverpool City Region Academy Trust

Notes to the Financial Statements for the period to 31 August 2018 (continued)

17 Pension and similar obligations (continued)

Analysis of pension finance income/(costs)

	2018 £'000	2017 £'000
Expected return on pension scheme assets	-	-
Interest on pension liabilities	(24)	(20)
Pension finance income/(costs)	(17)	(16)

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

	2018 £'000	2017 £'000
At 1 September 2017	999	877
Current service cost	73	120
Interest cost	24	20
Employee contributions	14	22
Remeasurements gain / (loss)	_(86)	_(40)
Benefits paid	(38)	-
Past service cost	-	-
Transfer in from new Academy	-	-
At 31 August 2018	986	999

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

	2018 £'000	2017 £,000
At 1 September 2017	279	134
Expected returns on assets	7	4
Remeasurements (assets)	9	50
Actuarial gain/(loss)	(1)	(2)
Employer contributions	49	71
Employee contributions	14	22
Benefits paid	(38)	-
At 31 August 2018	319	279

The five year history of experience adjustments is as follows:

	2018 £'000	2017 £'000
Present value of funded benefit obligations	(986)	(999)
Fair value of plan assets	319	279
Deficit in the scheme	(667)	(720)
Experience (gains)/losses on assets		

Liverpool City Region Academy Trust

Notes to the Financial Statements for the period to 31 August 2018 (continued)

18 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. During the year, Mr. B Cooney and Mr J Brown acted as Chair of Liverpool City Region Academy Trust.

During the year 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.

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Notes to the Financial Statements for the period to 31 August 2018 (continued)

19 Statement of Financial Activities

Statement of Financial Activities for the period ended 31 August 2017
(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 2017 £'000	Total 2016 £'000
Income and endowments from:						
<i>Donations and capital grants</i>						
Transfer from LA on Conversion						
<i>Charitable Activities</i>						
Funding for the academy trust's educational operations		889	880	-	1,769	1,680
Total income		889	880	-	1,769	1,680
Expenditure on:						
<i>Charitable activities:</i>						
Academy Trust educational operations		(740)	(840)	(38)	(1,618)	(1,641)
Total expenditure		(740)	(840)	(38)	(1,618)	(1,641)
Net income/expenditure		149	40	(38)	151	39
Transfers between funds		384	(430)	46	-	-
Net income/ (expenditure)		533	(390)	8	151	39
Other recognised gains and losses						
Actuarial gains/(losses) on defined benefit pension schemes		-	90	-	90	(258)
Net movement in funds		533	(300)	8	241	(219)
Reconciliation of funds						
Total funds brought forward at 1 September 2016		64	(380)	1,340	1,024	1,242
Total funds carried forward at 31 August 2017		597	(680)	1,348	1,265	1,024