

THE LIVERPOOL BLUE COAT SCHOOL
TRUSTEES' REPORT AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2017

THE LIVERPOOL BLUE COAT SCHOOL
(A company limited by guarantee)

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**REFERENCE AND ADMINISTRATIVE DETAILS OF THE ACADEMY, ITS TRUSTEES AND ADVISERS
FOR THE YEAR ENDED 31 AUGUST 2017**

J. Shaw* (Chair – Foundation Governor)
M. Walker (Vice Chair and Foundation Governor)
M. Pennington* (Headteacher and Accounting Officer)
P. Burnham (Foundation Governor)
M. Hill (Foundation Governor)
L. Paraoan (Foundation Governor) - resigned as of 31 August 2017
S. Hughes* (Parent Governor) - resigned as of 1 February 2017
G. Mason* (Parent Governor) - resigned as of 1 November 2016
P. Wolstenholme* (Foundation Governor)
S. Chaudary (Foundation Governor)
C. Sharples (Foundation Governor)
W. Spencer* (Foundation Governor)
Z. Glacken (Foundation Governor)
S. Heath (Staff Governor)

* Finance & Estates Committee Membership

All of the Governors above are both Directors and Members of the Academy Trust.

Company registered number
07950827

Company name
The Liverpool Blue Coat School

Registered office
Church Road, Wavertree, Liverpool, L15 9EE

Principal operating office
Church Road, Wavertree, Liverpool, L15 9EE

Senior leadership team
M. Pennington, Headteacher
N. Roberts, Deputy Head
S. Yates, Deputy Head
A. Hughes, Director of Resources / PFO
S. Shipgood, Assistant Head
N. Barends, Assistant Head
C. Mackenzie, Assistant Head
L. Holland, Assistant Head

Independent auditors
Langtons Professional Services Limited, The Plaza, 100 Old Hall Street, Liverpool, L3 9QJ

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TRUSTEES' REPORT
FOR THE YEAR ENDED 31 AUGUST 2017

The Governors present their Annual report together with the financial statements and auditor's report of the School for the period 1 September 2016 to 31 August 2017.

The annual report serves the purposes of both a trustees' report and a directors' report under company law.

The trust operates as a selective Academy for students aged 11-18, serving a large catchment area in Merseyside. It has a planned admission number (PAN) of 180 in 2017 and had 1,011 students on roll on 18th May 2017 (Summer School Census).

Structure, governance and management

a. Constitution

The Liverpool Blue Coat School converted to an Academy Trust on 1 March 2012. The Academy Trust is a company limited by guarantee with charitable status. The Company's Memorandum, Articles of Association and Funding Agreement are the primary governing documents of the Academy Trust.

The Academy Trust was incorporated on 15 February 2012 and commenced its activities on transfer from the Local Authority on the conversion date stated above.

The Academy is an exempt charity, regulated by the Secretary of State for Education, and as such must comply with general charity law.

Details of the Governors who served throughout the year, except as noted, are included in the Reference and Administrative Details on page 1.

b. 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.

c. Governors' indemnities

Subject to the provisions of the Companies Act 2006 every Governor or officer or auditor shall be indemnified out of the assets against any liability incurred by him or her in that capacity in defending any proceedings, whether civil or criminal, in which judgement is given in favour or in which he or she is acquitted in any accusation in which relief is granted to him by her by the court from the liability of negligence, default, breach of duty or breach of trust in relation to the affairs of the company.

h. Arrangements for setting pay and remuneration of key management personnel.

All members of the Academy's Senior Leadership Team are subject to an annual review by the Governing Body's Performance and Salary Review Committee.

d. Method of recruitment and appointment or election of Governors

The procedure for the recruitment, appointment and election of Governors is set out in the Company's Articles of Association. The Liverpool Blue Coat School Foundation is entitled to nominate or appoint up to eleven of the Academy Governors, the local authority may nominate one member, three members are Staff Governors and so

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nominated by the Staff and three Governors being appointed as parental representatives having undertaken a nomination and ballot exercise within the student parent body.

e. Policies and procedures adopted for the induction and training of Governors

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

f. Organisational structure

Governors of The Blue Coat School (Academy) are also Trustees (charity) and are taken to be the same body of people as directors (company). The Finance and Estates Committee of the Governing Body together with the Headteacher / Director of Resources will ensure the effective allocation of resources for staffing, facilities and services, educational supplies & services, other supplies & services and other costs. An annual budget is presented to the Governing Body for approval and regular financial statements are reviewed by the Governing Body. Various levels of responsibility are set out in the Academy's Finance Procedural Handbook and as required, Governors make decisions when required and as appropriate as set out therein.

g. Connected organisations, including related party relationships

There are no known connected organisations or related party relationships that would have an influence on the school's accounts. However, as a former voluntary aided school the Academy has an interest of The Liverpool Blue Coat School Foundation who own the majority of the land and buildings occupied by the Academy and it is this Charitable Foundation which supplies the majority of the Governing Body (and in turn the Company Directors).

Objectives and Activities

a. Objects and aims

The Academy Trust's objects relate to the advance, for the public benefit education in the United Kingdom, in particular, but without prejudice to a generality of the foregoing by establishing, maintaining, carrying on, managing and developing the Academy offering a broad and balanced curriculum.

b. Objectives, strategies and activities

The Academy's main strategy is outlined in its rolling 3 year vision statement which is:

"Non sibi sed omnibus": "Not for oneself but for all"

The 3 year vision statement sets out the long-term aims of The Blue Coat School. It steers school improvement to ensure our provision for students is the best we can achieve. This statement is reviewed, evaluated, updated and shared throughout the school community annually.

As an overview, we believe the best students deserve the best staff who in turn deserve the best leaders. By challenging our students to be the very best, we challenge ourselves to be even better and demand the highest standard from all of our leaders.

The vision statement sets out how, through our school improvement plans, we support our school leaders, staff and students.

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FOR THE YEAR ENDED 31 AUGUST 2017

c. Public benefit

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

Achievements and performance

a. Achievements and performance

This reporting period represents the Academy's sixth year of operation and it has set strategic objectives related to achievement, progress, engagement, destinations and its provision. These objectives are monitored closely by the Governing Body. The Academy is a selective grammar. 1072 Year 6 students applied for 180 places in Year 7 for September 2018. Total main school students in the year ended 31 August 2017 numbered 1,011 and the Academy had full complements in all year groups. In August 2017 the sixth form held 348.

Examination results for 2017 were significantly above National Average. At 'A' Level there was a 100% pass rate and over 87% were A*-B. At GCSE for English & mathematics 84% of all grades were 9-7, in all other subjects 78% of all grades were at A*&A. 107 out of 120 have returned to study in the sixth form. The school has also been recognized by the Sunday Times for its academic achievement where the school was ranked 18th nationally and recognized as the North West's top state school.

To ensure that standards are continually raised the Academy operates a programme of observation of lessons, is visited by inspectors, undertakes a comparison of results from entry to Key Stage 3 to GCSE and from GCSE to 'A' Level to assess the added value. The Academy also has a comprehensive staff performance management process. An OFSTED report in November 2012 judged the Academy to be Outstanding in all areas.

b. Going concern

The Governing Body has a reasonable expectation that the Academy Trust has adequate resources to continue in operational existence for the foreseeable future. For this reason it continues to adopt the going concern basis in preparing the financial statements. Further details regarding the adoption of the going concern basis can be found in the Statement of Accounting Policies.

Financial review

a. Reserves policy

Governors maintain that reserves are held to cover working revenue or capital requirements, as a contingency to meet unforeseeable expenditure and to fund planned and specific future expenditure as part of its medium to long-term financial planning. The level of reserves is kept under review by governors and they assess it on a regular basis as part of the budget monitoring process.

Reserves have been previously built up to compensate for anticipated reductions in income for capital works (Devolved Formula Capital) and loss of income associated with changes to the local and national funding formulas.

As at 31 August 2017, the Academy had balances on its Unrestricted General Funds and Restricted General Funds of £434,524 (2016: £409,324) and £1,586,112 (2016: £76,778) respectively, totalling £2,020,636 (2016: £486,102), which is available for general and educational purposes. Included within Restricted general funds is an amount of £1,500,000 which will be used to fund the school's expansion project and a further £150,000 raised towards our Library development fund.

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Under Financial Reporting Standard FRS17, it is necessary to provide for projected deficits on the Local Government Pension Scheme, which is provided for support staff, in the Balance Sheet and to account for movements in the projected deficit to the Restricted General Funds in the Statement of Financial Activities. That element of the Local Government Pension Scheme, i.e. the Merseyside Pension Fund, attributable to the Liverpool Blue Coat School, is, as with the majority of schools, in deficit. As at 31 August 2017 the deficit amounted to £2,395,000, having decreased from £2,634,000 as at 31 August 2016.

The valuation of the fund is outside the control of the Academy and is based mainly on the changes in actuarial assumptions regarding future returns on investments and the present value of future liabilities. Whilst the Academy continues to contribute to the Fund along with incurring finance and interest costs in relation to the deficit, and which are accounted for through the Statement of Financial Activities, as previously discussed, it should be noted that this does not present a material liquidity problem for the Academy.

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.

b. Material investments policy

The Academy regularly monitors cashflow and account balances to ensure immediate and forthcoming financial commitments can be met. The Academy routinely identifies surplus funds and places these funds on deposit to gain interest on these investments.

All investments will be recorded in sufficient detail to identify the investment and to enable the current market value to be calculated. The information required will normally be the date of purchase, the cost and a description of the investment.

c. Principal risks and uncertainties

As detailed the Governing Body have a comprehensive risk management and controls process to identify and monitor the risks faced by the Academy. The key areas are: Statutory compliance, educational objectives, duty of care, assets, reputation and environmental.

d. Financial review

The cash held by the Academy at 31 August 2017 was £2,204,564 (2016: £375,996); included in debtors was £3,616 (2016: £159,914) of VAT which was received post year end.

During the year, the Academy had total incoming resources of £7,469,289 (2016: £5,937,719). Most of the Academy's income is obtained from the ESFA in the form of recurrent grants, the use of which is restricted to particular purposes. The grants received from the ESFA during the year ended 31 August 2017 and the associated expenditure are shown as Restricted Funds in the Statement of Financial Activities.

The Academy's General Annual Grant receipts reduced from £4,919,358 in the year ended 31 August 2016 to £4,882,834 this year. The reduction of £36,524 is largely attributable to the reduction in Minimum Funding Guarantee (MFG) receipts whose calculation, though designed to ensure an Academy's income does not drop more than 1% year-on-year, does not take into account increased student numbers. The Academy's roll had increased when the MFG calculation was made and so the Academy has received less income than it would have, had student numbers remained static.

The Academy incurred total expenditure for the year of £6,048,141 (2016 - £6,164,141). Also included within the expenditure for the year is an amount of £53,000 (2016 - £60,000) relating to finance and interest costs incurred on the deficit on the Local Government Pension Scheme, which are outside the control of the Academy and which are also referred to in the Reserves Policy. Governance costs of £16,307 (2015: £9,741) were incurred in

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TRUSTEES' REPORT (continued)
FOR THE YEAR ENDED 31 AUGUST 2017

the year.

At 31 August 2017 the net book value of fixed assets was £405,998 (2016 - £415,529) and movements in tangible fixed assets are shown in note 15 to the financial statements, the largest change being the aforementioned long term leasehold revaluation. The assets were used exclusively for providing education and the associated support services to the pupils of the Academy.

The Academy has obtained a full actuarial valuation of the pension liability under FRS17 in respect of its administrative staff pension scheme. During the period the Academy incurred a decrease in the deficit on its pension scheme liability of £239,000 (2016: increase of £1,081,000) resulting in an overall deficit of £2,395,000 (2016: £2,634,000).

Plans for future periods

a. Future developments

The Academy is aware that it would benefit from additional accommodation to significantly improve the sixth form provision and give more flexibility to curriculum delivery across the school. An in-depth review of needs has been completed and the Academy has finalized the tender process regarding this expansion.

Disclosure of information to auditors

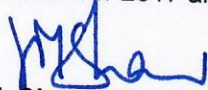
Insofar as the Trustee is aware:

- there is no relevant audit information of which the charitable company's auditors are unaware, and
- that Trustee has taken all the steps that ought to have been taken as a Trustee in order to be aware of any relevant audit information and to establish that the charitable company's auditors are aware of that information.

Auditors

Consideration of re-appointment of the auditors will be made annually.

The Trustee's report was approved by order of the board of trustees, as the company directors, on 19 December 2017 and signed on its behalf by:



J. Shaw
Chair of the Governing Body

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GOVERNANCE STATEMENT

Scope of Responsibility

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

The board of trustees has delegated the day-to-day responsibility to the Headteacher, 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 The Liverpool Blue Coat School and the Secretary of State for Education. They are also responsible for reporting to the board of trustees any material weaknesses or breakdowns in internal control.

Governance

The information on governance included here supplements that described in the Trustee's report and in the Statement of Trustee's responsibilities. The board of trustees has formally met 5 times during the year. Attendance during the year at meetings of the board of trustees was as follows:

	Meetings attended	Out of a possible
W Spencer	2	5
P Burnham	2	5
M Walker	5	5
S Chaudary	4	5
P Wolstenhome	4	5
Z Glacken	4	5
S Heath	2	5
M Hill	5	5
S Hughes - resigned 1 February 2017	0	3
J Shaw	4	5
G Mason - resigned 1 November 2016	1	2
L Paraoan - resigned 31 August 2017	3	4
M Pennington	5	5
C Sharples	3	5

The Finance and Estates Committee is a sub-committee of the main Governing Body. Its purpose is to assist the decision making of the Governing Body, by enabling more detailed consideration to be given to the best means of fulfilling the Governing Body's responsibility to ensure sound management of the Academy's finances and estates, including proper planning, monitoring and probity. Also to make appropriate comments and recommendations on such matters to the Governing Body on a regular basis.

Among the particular issues dealt with within the period were:-

- Review of relevant policies prior to submission to full Governing Body for approval
- Capital building provisions (Academies Capital Maintenance Fund, DFC) - review bids, projects and spending plans
- Review of rates for lettings, travel and subsistence - part of periodic review of rates
- Approval of the budget for 2017/18 prior to submission to full Governing Body (and ultimately ESFA)
- Mid-term budget review and three year forecast
- Financial Management and Governance Return - review prior to submission
- Strategic overview of School Improvement Plan
- Academy Trust related issues e.g. auditing, responsible officer, insurances, budget submission
- Income generation - development of strategies to look at other income streams to support the Academy
- Monthly management accounts review - allow Governors to review the financial performance against budget
- Staffing - to consider recommendations made by the Governors Staffing Committee

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GOVERNANCE STATEMENT (continued)

Attendance at meetings in the year was as follows:

Trustee	Meetings attended	Out of a possible
J Shaw	2	3
M Pennington	3	3
W Spencer	2	3
P Wolstenholme	3	3
S Hughes - resigned 1 February 2017	0	1
G Mason - resigned 1 November 2016	0	1

Review of Value for money

As Accounting Officer, the Headteacher 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 academy 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. The Accounting Officer for the academy trust has delivered improved value for money during the year by:

1) Educational results – This year's proportion of both A*-A (57.3%) and A*-B (87.2%) grades at A Level are the school's highest ever. Additionally at GCSE 67% of all students achieved a grade 9 or 8 in both English and mathematics and 95% of all other subject grades being between A* & B.

2) Updated Admissions policy – Our policy was updated in year with a commitment to offer 27 places to students who are eligible for Free School Meals and they achieve a minimum score of 320 in the entrance exam.

3) Balanced Budget – Following a thorough staffing review and resource planning exercise the school was able to present a balanced budget for the forthcoming academic year which did not draw down upon the school's reserves.

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 ongoing process designed to identify and prioritise the risks to the achievement of academy trust policies, aims and objectives, to evaluate the likelihood of those risks being realised and the impact should they be realised, and to manage them efficiently, effectively and economically. The system of internal control has been in place in The Liverpool Blue Coat School for the year 1 September 2016 to 31 August 2017 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 ongoing process for identifying, evaluating and managing the academy trust's significant risks, that has been in place for the year 1 September 2016 to 31 August 2017 and up to the date of approval of the annual report and financial statements. This process is regularly reviewed by the board of trustees.

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GOVERNANCE STATEMENT (continued)

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 Finance and Estates Committee of reports which indicate financial performance against the forecasts and of major purchase plans, capital works and expenditure programmes;
- setting targets to measure financial and other performance;
- clearly defined purchasing (asset purchase or capital investment) guidelines.
- delegation of authority and segregation of duties;
- identification and management of risks.

The board of trustees has considered the need for a specific internal audit function and has decided to appoint Langton's Professional Services Limited as internal auditor.

Langton's role includes giving advice on financial matters and performing a range of checks on the academy trust's financial systems. In particular, the checks carried out in the current period included:

- Testing of payroll systems
- Testing of purchase systems
- Testing of control account/ bank reconciliations
- Testing of income recognition
- A detailed review of the school fund accounting system

On a quarterly basis, Langton's report to the board of trustees on the operation of the systems of control and on the discharge of the board of trustees' financial responsibilities.

Review of Effectiveness

As Accounting Officer, the Headteacher 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 auditor;
- the work of the external auditors;
- the financial management and governance self-assessment process;
- 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 Finance and Estates 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 19 December 2017 and signed on their behalf, by:


J. Shaw
Chair of the Governing Body


M. Pennington
Headteacher

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STATEMENT ON REGULARITY, PROPRIETY AND COMPLIANCE

As Accounting Officer of The Liverpool Blue Coat School I have considered my responsibility to notify the academy trust board of trustees and the Education and Skills Funding Agency (ESFA) of material irregularity, impropriety and non-compliance with ESFA terms and conditions of funding, under the funding agreement in place between the academy trust and the Secretary of State for Education. As part of my consideration I have had due regard to the requirements of the Academies Financial Handbook 2016.

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 2016.

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. Pennington
Headteacher

Date: 19/12/17

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STATEMENT OF TRUSTEES' RESPONSIBILITIES
FOR THE YEAR ENDED 31 AUGUST 2017

The Trustee (who act as governors of The Liverpool Blue Coat School and are also the directors of the charitable company for the purposes of company law) is responsible for preparing the Trustee's report and the financial statements in accordance with the Annual Accounts Direction issued by the Education and Skills Funding Agency, United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice) and applicable law and regulations.

Company law requires the Trustee to prepare financial statements for each financial year. Under company law the Trustee must not approve the financial statements unless he is 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 Trustee is required to:

- select suitable accounting policies and then apply them consistently;
- observe the methods and principles of the Charities SORP 2015 and the Academies' Accounts Direction 2016 to 2017;
- make judgments and accounting estimates that are reasonable and prudent;
- state whether applicable UK Accounting Standards (FRS 102) 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 Trustee is 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 him to ensure that the financial statements comply with the Companies Act 2006. He is 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 Trustee is 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. He is also responsible for ensuring grants received from the ESFA/DfE have been applied for the purposes intended.

The Trustee is 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 Governing Body on 19 December 2017 and signed on its behalf by:



J. Shaw, Chair of the Governing Body

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**INDEPENDENT AUDITORS' REPORT ON THE FINANCIAL STATEMENTS TO THE MEMBERS OF THE
LIVERPOOL BLUE COAT SCHOOL**

Opinion

We have audited the financial statements of The Liverpool Blue Coat School (the 'academy') for the year ended 31 August 2017 which comprise the Statement of financial activities incorporating income and expenditure account, the Balance sheet, the Statement of cash flows and the related notes, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law, 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).

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 company's members as a body, for our audit work, for this report, or for the opinions we have formed.

In our opinion the financial statements::

- give a true and fair view of the state of the academy's affairs as at 31 August 2017 and of its income and expenditure for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice, including the Academies' Accounts Direction 2016 to 2017 issued by the Education & Skills Funding Agency; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Basis for Opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the Auditors' responsibilities for the audit of the financial statements: section of our report. We are independent of the academy in accordance with the ethical requirements that are relevant to our audit of the financial statements: in the United Kingdom, including the Financial Reporting Council'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 Governors' use of the going concern basis of accounting in the preparation of the financial statements: is not appropriate; or
- the Governors have not disclosed in the financial statements: any identified material uncertainties that may cast significant doubt about the academy'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 financial statements: are authorised for issue.

Other information

The Governors are responsible for the other information. The other information comprises the information included in the Annual report, other than the financial statements: and our Auditors' report thereon. Our opinion

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**INDEPENDENT AUDITORS' REPORT ON THE FINANCIAL STATEMENTS TO THE MEMBERS OF THE
LIVERPOOL BLUE COAT SCHOOL**

on the financial statements: does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon.

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

We have nothing to report in this regard.

Opinion 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 Governors' Report, which includes the directors' report prepared for the purposes of company law, for the financial year for which the financial statements are prepared is consistent with the financial statements:.
- the Trustee's Report has been prepared in accordance with applicable legal requirements.

Matters on which we are required to report by exception

In the light of our knowledge and understanding of the academy and its environment obtained in the course of the audit, we have not identified material misstatements in the Trustee's 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 financial statements: are not in agreement with the accounting records and returns; or
- certain disclosures of Governors' remunerations specified by law not made; or
- we have not received all the information and explanations we require for our audit.

Conclusions Relating to Going Concern

As explained more fully in the Statement of Governors' responsibilities, the Governors (who are also the directors of the academy for the purposes of company law) are responsible for the preparation of the financial statements: and for being satisfied that they give a true and fair view, and for such internal control as the Governors determine is necessary to enable the preparation of financial statements: that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements:, the Governors are responsible for assessing the academy'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 Governors either intend to liquidate the academy or to cease operations, or have no realistic alternative but to do so.

THE LIVERPOOL BLUE COAT SCHOOL
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INDEPENDENT AUDITORS' REPORT ON THE FINANCIAL STATEMENTS TO THE MEMBERS OF THE
LIVERPOOL BLUE COAT SCHOOL

Auditors' responsibilities for the audit of the financial statements

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

A further description of our responsibilities for the audit of the financial statements: is located on the Financial Reporting Council's website at: www.frc.org.uk/auditorsresponsibilities. This description forms part of our Auditors' report.



A. J. McCall (Senior statutory auditor)

for and on behalf of

Langtons Professional Services Limited

The Plaza
100 Old Hall Street
Liverpool
L3 9QJ
19 December 2017

THE LIVERPOOL BLUE COAT SCHOOL
(A company limited by guarantee)

**INDEPENDENT REPORTING ACCOUNTANTS' ASSURANCE REPORT ON REGULARITY TO THE
LIVERPOOL BLUE COAT SCHOOL AND THE EDUCATION AND SKILLS FUNDING AGENCY**

In accordance with the terms of our engagement letter dated 22 July 2016 and further to the requirements of the Education and Skills Funding Agency (ESFA) as included in the Academies Accounts Direction 2016 to 2017, we have carried out an engagement to obtain limited assurance about whether the expenditure disbursed and income received by The Liverpool Blue Coat School during the year 1 September 2016 to 31 August 2017 have been applied to the purposes identified by Parliament and the financial transactions conform to the authorities which govern them.

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

Respective responsibilities of The Liverpool Blue Coat School accounting officer and the reporting accountant

The Accounting Officer is responsible, under the requirements of The Liverpool Blue Coat School's funding agreement with the Secretary of State for Education dated 20 January 2012, and the Academies Financial Handbook extant from 1 September 2016, 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 2016 to 2017. 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 year 1 September 2016 to 31 August 2017 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 2016 to 2017 issued by the ESFA. We performed a limited assurance engagement as defined in our engagement letter.

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

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

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

THE LIVERPOOL BLUE COAT SCHOOL
(A company limited by guarantee)

INDEPENDENT REPORTING ACCOUNTANTS' ASSURANCE REPORT ON REGULARITY TO THE
LIVERPOOL BLUE COAT SCHOOL AND THE EDUCATION AND SKILLS FUNDING AGENCY (continued)

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 year 1 September 2016 to 31 August 2017 have not been applied to purposes intended by Parliament and the financial transactions do not conform to the authorities which govern them.



A. J. McCall (Senior statutory auditor)

Langtons Professional Services Limited

The Plaza
100 Old Hall Street
Liverpool
L3 9QJ

19 December 2017

THE LIVERPOOL BLUE COAT SCHOOL
(A company limited by guarantee)

**STATEMENT OF FINANCIAL ACTIVITIES INCORPORATING INCOME AND EXPENDITURE ACCOUNT
FOR THE YEAR ENDED 31 AUGUST 2017**

	Note	Unrestricted funds 2017 £	Restricted funds 2017 £	Restricted fixed asset funds 2017 £	Total funds 2017 £	Total funds 2016 £
Income from:						
Donations and capital grants	2	-	2,135,373	-	2,135,373	366,814
Charitable activities	3	-	5,000,130	90,069	5,090,199	5,312,350
Other trading activities	4	270,235	-	-	270,235	257,748
Investments	5	482	-	-	482	807
Total income		270,717	7,135,503	90,069	7,496,289	5,937,719
Expenditure on:						
Charitable activities		245,517	5,742,169	60,565	6,048,251	6,164,141
Total expenditure	6	245,517	5,742,169	60,565	6,048,251	6,164,141
Net income / (expenditure) before other recognised gains and losses		25,200	1,393,334	29,504	1,448,038	(226,422)
Actuarial gains/(losses) on defined benefit pension schemes	20	-	355,000	-	355,000	(1,028,000)
Net movement in funds		25,200	1,748,334	29,504	1,803,038	(1,254,422)
Reconciliation of funds:						
Total funds brought forward		409,324	(2,557,222)	415,529	(1,732,369)	(477,947)
Total funds carried forward		434,524	(808,888)	445,033	70,669	(1,732,369)

THE LIVERPOOL BLUE COAT SCHOOL
(A company limited by guarantee)
REGISTERED NUMBER: 07950827

BALANCE SHEET
AS AT 31 AUGUST 2017

	Note	£	2017 £	£	2016 £
Fixed assets					
Tangible assets	12		405,998		415,530
Current assets					
Stocks	13	1,416		2,188	
Debtors	14	66,393		329,125	
Cash at bank and in hand		2,204,564		375,996	
		<u>2,272,373</u>		<u>707,309</u>	
Creditors: amounts falling due within one year	15	(212,702)		(221,208)	
Net current assets			2,059,671		486,101
Total assets less current liabilities			<u>2,465,669</u>		<u>901,631</u>
Defined benefit pension scheme liability	20	(2,395,000)			(2,634,000)
Net assets/(liabilities) including pension scheme liabilities			<u>70,669</u>		<u>(1,732,369)</u>
Funds of the academy					
Restricted income funds:					
Restricted income funds	16	1,586,112		76,778	
Restricted fixed asset funds	16	445,033		415,529	
Restricted income funds excluding pension liability		<u>2,031,145</u>		<u>492,307</u>	
Pension reserve		(2,395,000)		(2,634,000)	
Total restricted income funds			(363,855)		(2,141,693)
Unrestricted income funds	16		434,524		409,324
Total funds/(deficit)			<u>70,669</u>		<u>(1,732,369)</u>

The financial statements on pages 17 to 40 were approved by the Trustee, and authorised for issue, on 19 December 2017 and are signed on their behalf, by:

J. Shaw
Chair of the Governing Body

THE LIVERPOOL BLUE COAT SCHOOL
(A company limited by guarantee)

STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 31 AUGUST 2017

	Note	2017 £	2016 £
Cash flows from operating activities			
Net cash provided by/(used in) operating activities	18	1,852,838	(509,572)
Cash flows from investing activities:			
Dividends, interest and rents from investments		482	807
Purchase of tangible fixed assets		(24,752)	(20,924)
Net cash used in investing activities		(24,270)	(20,117)
Change in cash and cash equivalents in the year		1,828,568	(529,689)
Cash and cash equivalents brought forward		375,996	905,685
Cash and cash equivalents carried forward	19	2,204,564	375,996

THE LIVERPOOL BLUE COAT SCHOOL
(A company limited by guarantee)

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2017**

1. Accounting Policies

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

1.1 Basis of preparation of financial statements

The financial statements of the academy trust, which is a public benefit entity under FRS 102, have been prepared under the historical cost convention in accordance with the Financial Reporting Standard Applicable in the UK and Republic of Ireland (FRS 102), the Accounting and Reporting by Charities: Statement of Recommended Practice applicable to charities preparing their accounts in accordance with the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS 102) (Charities SORP (FRS 102)), the Academies Accounts Direction 2016 to 2017 issued by EFA, the Charities Act 2011 and the Companies Act 2006.

The Liverpool Blue Coat School constitutes a public benefit entity as defined by FRS 102.

1.2 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.

1.3 Fund accounting

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

Restricted fixed asset funds are resources which are to be applied to specific capital purposes imposed by the Department for Education 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 and include grants from the Department for Education.

THE LIVERPOOL BLUE COAT SCHOOL
(A company limited by guarantee)

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2017

1. Accounting Policies (continued)

1.4 Income

All income is recognised once the academy has entitlement to the income, it is probable that the income will be received and the amount of income receivable can be measured reliably.

Grants are included in the Statement of financial activities incorporating income and expenditure account 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 Statement of financial activities incorporating income and expenditure account in the year for which it is receivable and any abatement in respect of the period is deducted from income and recognised as a liability. Capital grants are recognised when there is entitlement and are not deferred over the life of the asset on which they are expended. Unspent amounts of capital grant are reflected in the balance in the restricted fixed asset fund.

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

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

Certain types of income are shown in the Statement of financial activities incorporating income and expenditure account net of expenditure as follows:

1.5 Expenditure

Expenditure is recognised once there is a legal or constructive obligation to transfer economic benefit to a third party, it is probable that a transfer of economic benefits will be required in settlement and the amount of the obligation can be measured reliably. Expenditure is classified by activity. The costs of each activity are made up of the total of direct costs and shared costs, including support costs involved in undertaking each activity. Direct costs attributable to a single activity are allocated directly to that activity. Shared costs which contribute to more than one activity and support costs which are not attributable to a single activity are apportioned between those activities on a basis consistent with the use of resources. Central staff costs are allocated on the basis of time spent, and depreciation charges allocated on the portion of the asset's use.

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

Grants payable are charged in the year when the offer is made except in those cases where the offer is conditional, such grants being recognised as expenditure when the conditions attaching are fulfilled. Grants offered subject to conditions which have not been met at the year end are noted as a commitment, but not accrued as expenditure.

All resources expended are inclusive of irrecoverable VAT.

THE LIVERPOOL BLUE COAT SCHOOL
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**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2017**

1. Accounting Policies (continued)

1.6 Turnover

Turnover comprises revenue recognised by the academy in respect of goods and services supplied during the year, exclusive of Value Added Tax and trade discounts.

1.7 Tangible fixed assets and depreciation

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

Where tangible fixed assets have been acquired with the aid of specific grants, either from the government or from the private sector, they are included in the Balance Sheet at cost and depreciated over their expected useful economic life. The related grants are credited to Restricted Fixed Asset Funds in the Statement of Financial Activities and carried forward in the Balance Sheet. Depreciation on such assets is charged to the Restricted Fixed Asset Funds 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.

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.

Tangible fixed assets are carried at cost, net of depreciation and any provision for impairment. Depreciation is provided at rates calculated to write off the cost of fixed assets, less their estimated residual value, over their expected useful lives on the following bases:

L/Term Leasehold Property	-	2% (50 years)
Photocopiers	-	25% (4 years)
Motor vehicles	-	15% (7 years)
Fixtures, fittings and equipment	-	15% (7 years)
Other equipment	-	20% (5 years)
ICT equipment	-	25% (4 years)
Furniture & musical equipment	-	20% (5 years)

As a former Voluntary Aided School, the Academy does not own the buildings which it occupies. The Academy is authorised to use the buildings by way of a supplemental agreement between the Secretary of State for Education and the incorporated Trustees of The Liverpool Blue Coat School Foundation ("the Trustees").

1.8 Operating leases

Rentals under operating leases are charged to the Statement of financial activities incorporating income and expenditure account on a straight line basis over the lease term.

THE LIVERPOOL BLUE COAT SCHOOL
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**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2017**

1. Accounting Policies (continued)

1.9 Stocks

Stocks are valued at the lower of cost and net realisable value after making due allowance for obsolete and slow-moving stocks. Cost includes all direct costs and an appropriate proportion of fixed and variable overheads.

1.10 Debtors

Trade and other debtors are recognised at the settlement amount after any trade discount offered. Prepayments are valued at the amount prepaid net of any trade discounts due.

1.11 Cash at Bank and in hand

Cash at bank and in hand includes cash and short term highly liquid investments with a short maturity of three months or less from the date of acquisition or opening of the deposit or similar account.

1.12 Liabilities and provisions

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 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 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.

1.13 Financial instruments

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

Financial assets - trade and other debtors are basic financial instruments and are debt instruments measured at amortised cost as detailed in note 14. Prepayments are not financial instruments. Amounts due to the academy's wholly owned subsidiary are held at face value less any impairment. Cash at bank is classified as a basic financial instrument and is measured at face value.

Financial liabilities - trade creditors, accruals and other creditors are financial instruments, and are measured at amortised costs as detailed in note 15. Taxation and social security are not included in the financial instruments disclosure definition. Deferred income is not deemed to be a financial liability, as the cash settlement has already taken place and there is an obligation to deliver services rather than cash or another financial instruments. Amounts due to the academy's wholly owned subsidiary are held at face value less any impairment.

THE LIVERPOOL BLUE COAT SCHOOL
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**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2017**

1. Accounting Policies (continued)

1.14 Taxation

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

1.15 Pensions

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

The TPS is an unfunded scheme and contributions are calculated so as to spread the cost of pensions over employees' working lives with the academy in such a way that the pension cost is a substantially level percentage of current and future pensionable payroll. The contributions are determined by the Government Actuary on the basis of quadrennial valuations using a prospective unit credit method. As stated in note 20, 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.

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

1.16 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 20, 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 2016 has been used by the actuary in valuing the pensions liability at 31 August 2017. 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.

THE LIVERPOOL BLUE COAT SCHOOL
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**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2017**

2. Income from donations and capital grants

	Unrestricted funds 2017 £	Restricted funds 2017 £	Restricted fixed asset funds 2017 £	Total funds 2017 £	Total funds 2016 £
Donations	-	1,734,375	-	1,734,375	93,213
School trip income	-	400,998	-	400,998	273,601
	-	2,135,373	-	2,135,373	366,814
<i>Total 2016</i>	-	366,814	-	366,814	

3. Income from charitable activities

	Unrestricted funds 2017 £	Restricted funds 2017 £	Total funds 2017 £	Total funds 2016 £
Government grants (as below)	-	5,040,231	5,040,231	5,257,452
Other educational income	-	49,968	49,968	54,898
	-	5,090,199	5,090,199	5,312,350

In 2016, of the total income from charitable activities, £ NIL was to unrestricted funds and £5,312,350 was to restricted funds.

THE LIVERPOOL BLUE COAT SCHOOL
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**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2017**

Funding for Academy's educational operations

	Unrestricted funds 2017 £	Restricted funds 2017 £	Total funds 2017 £	Total funds 2016 £
DfE/EFA grants				
General Annual Grant	-	4,882,834	4,882,834	4,919,358
Capital grants	-	67,017	67,017	160,190
Other grants	-	64,214	64,214	114,702
	-	5,014,065	5,014,065	5,194,250
Other government grants				
Devolved Formula Grant	-	23,052	23,052	45,783
Other non DfE/ESFA grant	-	3,114	3,114	17,419
	-	26,166	26,166	63,202
Other funding				
	-	-	-	-
	-	5,040,231	5,040,231	5,257,452

In 2016, of the total income from charitable activities, £ NIL was to unrestricted funds and £5,257,452 was to restricted funds.

4. Trading activities

	Unrestricted funds 2017 £	Restricted funds 2017 £	Total funds 2017 £	Total funds 2016 £
Charity trading income				
Hire of facilities	11,923	-	11,923	19,492
School sales	1,112	-	1,112	1,403
Other income	5,863	-	5,863	15,233
Contributions to visits	-	-	-	6,694
Insurance claims	-	-	-	364
Catering sales	251,337	-	251,337	214,562
	270,235	-	270,235	257,748
Net income from trading activities	270,235	-	270,235	257,748

THE LIVERPOOL BLUE COAT SCHOOL
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**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2017**

5. Investment income

	Unrestricted funds 2017 £	Restricted funds 2017 £	Total funds 2017 £	Total funds 2016 £
Investment income - local cash	482	-	482	807

In 2016, of the total investment income, £ 807 was to unrestricted funds and £ NIL was to restricted funds.

6. Expenditure

	Staff costs 2017 £	Premises 2017 £	Other costs 2017 £	Total 2017 £	Total 2016 £
Direct costs: Direct costs	3,918,577	34,284	774,128	4,726,989	4,728,223
Support costs: Support costs	748,847	264,243	308,172	1,321,262	1,426,177
	<u>4,667,424</u>	<u>298,527</u>	<u>1,082,300</u>	<u>6,048,251</u>	<u>6,154,400</u>

7. Analysis of expenditure by activities

	Activities undertaken directly 2017 £	Support costs 2017 £	Total 2017 £	Total 2016 £
Direct costs	4,726,989	-	4,726,989	4,728,223
Support costs	-	1,321,262	1,321,262	1,426,177
Total 2017	<u>4,726,989</u>	<u>1,321,262</u>	<u>6,048,251</u>	<u>6,154,400</u>
Total 2016	<u>-</u>	<u>-</u>	<u>-</u>	

THE LIVERPOOL BLUE COAT SCHOOL
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**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2017**

Analysis of direct costs

	Direct costs £	Total 2017 £	Total 2016 £
Pension income	53,000	53,000	60,000
Educational supplies	140,444	140,444	135,920
Examination fees	150,986	150,986	157,013
Staff Development	11,389	11,389	9,247
Educational consultancy	18,251	18,251	32,353
School trip expenses	356,175	356,175	280,309
Agency support staff and supply staff	42,576	42,576	53,404
Educational visits	6,484	6,484	10,231
Wages and salaries	3,061,477	3,061,477	3,176,223
National insurance	307,672	307,672	282,564
Pension cost	544,251	544,251	491,760
Depreciation	34,284	34,284	39,199
	<u>4,726,989</u>	<u>4,726,989</u>	<u>4,728,223</u>
At 31 August 2016	<u>4,728,223</u>	<u>4,728,223</u>	

Analysis of support costs

	Support costs £	Total 2017 £	Total 2016 £
Staff costs	748,847	748,847	672,962
Window care	6,599	6,599	9,331
Advertising staff	10,692	10,692	6,445
Light and heat	76,413	76,413	86,749
Water rates	31,612	31,612	29,825
Repairs and maintenance	46,611	46,611	237,270
Rates	39,066	39,066	36,832
Insurance	21,536	21,536	42,508
Transport	31,713	31,713	30,483
Catering	132,658	132,658	124,680
Agency support staff and supply staff	43,097	43,097	74,650
Sundry expenses	42,157	42,157	12,501
Telephone and fax	15,384	15,384	12,194
Printing, postage and stationery	58,570	58,570	49,747
Governance costs	16,307	16,307	9,741
	<u>1,321,262</u>	<u>1,321,262</u>	<u>1,435,918</u>
At 31 August 2016	<u>1,435,918</u>	<u>1,435,918</u>	

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NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2017

8. Net income/(expenditure)

This is stated after charging:

	2017 £	2016 £
Depreciation of tangible fixed assets: - owned by the charity		
Auditors' remuneration - audit	34,284	39,199
Auditor's remuneration - internal audit	6,600	6,550
Operating lease rentals	1,424	1,250
Governors' reimbursed expenses	15,908	15,908
	-	769

THE LIVERPOOL BLUE COAT SCHOOL
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**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2017**

9. Staff costs

Staff costs were as follows:

	2017 £	2016 £
Wages and salaries	3,587,697	3,711,544
Social security costs	344,943	308,108
Operating costs of defined benefit pension schemes	648,015	576,363
	<u>4,580,655</u>	<u>4,596,015</u>
Staff restructuring costs	80,395	27,494
Apprentice levy	1,197	-
Supply teacher costs	5,177	10,150
	<u>4,667,424</u>	<u>4,633,659</u>

Staff restructuring costs comprise:

Severance payments	80,395	27,494
	<u>80,395</u>	<u>27,494</u>

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

	2017 No.	2016 No.
Teachers	61	66
Administration and support	46	48
Management	8	8
	<u>115</u>	<u>122</u>

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

	2017 No.	2016 No.
In the band £60,001 - £70,000	3	2
In the band £80,001 - £90,000	1	1

The above employees participated in the Teachers' Pension Scheme. During the year ended 31st August 2017, pension contributions for these staff amounted to £45,363 (2016 - £36,408).

Included in staff restructuring costs are non-statutory/non-contractual severance payments totalling £80,395 (2016: £27,494). Individually, the payments were £25,827, £8,715, £23,916, £16,888 and £5,049.

The key management personnel of the academy trust comprise the trustees and the senior management team as listed on page 1. The total amount of employee benefits (including employer pension contributions) received by key management personnel for their services to the academy trust was £699,736 (2016: £751,780).

THE LIVERPOOL BLUE COAT SCHOOL
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**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2017**

10. Trustee's remuneration and expenses

One or more Trustees has been paid remuneration or has received other benefits from an employment with the academy trust. The Principal and other staff Trustees only receive remuneration in respect of services they provide undertaking the roles of principal and other staff members under their contracts of employment, and not in respect of their role as Trustees. The value of Trustees' remuneration and other benefits was as follows:

		2017 £	2016 £
M. Pennington (Headteacher)	Remuneration	85,000-90,000	80,000-85,000
	Pension contributions paid	10,000-15,000	10,000-15,000
S. Heath (Staff Governor)	Remuneration	25,000-30,000	5,000-10,000
	Pension contributions paid	0-5,000	0-5,000

During the year ended 31 August 2017, no Trustees received any reimbursement of expenses (2016 - £769 to 1 Governor).

11. Trustee's and Officers' Insurance

In accordance with normal commercial practice the academy has purchased insurance to protect trustees and officers from claims arising from negligent acts, errors or omissions occurring whilst on academy business. The insurance provides cover up to £10,000,000 on any one claim. The cost of this insurance is included in the total insurance cost for the year but is not separately identifiable (as in the prior year).

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**NOTES TO THE FINANCIAL STATEMENTS
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12. Tangible fixed assets

	L/Term Leasehold Property £	Motor vehicles £	Office equipment £	Computer equipment £	Total £
Cost					
At 1 September 2016	400,000	31,976	82,687	121,233	635,896
Additions	-	-	19,751	5,001	24,752
At 31 August 2017	400,000	31,976	102,438	126,234	660,648
Depreciation					
At 1 September 2016	32,000	29,341	54,188	104,837	220,366
Charge for the year	8,000	1,874	14,087	10,323	34,284
At 31 August 2017	40,000	31,215	68,275	115,160	254,650
Net book value					
At 31 August 2017	360,000	761	34,163	11,074	405,998
At 31 August 2016	368,000	2,635	28,499	16,396	415,530

13. Stocks

	2017 £	2016 £
Finished goods and goods for resale	1,416	2,188

14. Debtors

	2017 £	2016 £
Trade debtors	42,017	111,150
Prepayments and accrued income	20,760	60,192
Tax recoverable	3,616	157,783
	66,393	329,125

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15. Creditors: Amounts falling due within one year

	2017 £	2016 £
Trade creditors	32,477	22,935
Other taxation and social security	87,345	91,787
Other creditors	75,410	75,887
Accruals and deferred income	17,470	30,599
	<u>212,702</u>	<u>221,208</u>

	2017 £	2016 £
Deferred income		
Deferred income at 1 September 2016	23,374	269,231
Resources deferred during the year	10,870	23,374
Amounts released from previous years	(23,374)	(269,231)
Deferred income at 31 August 2017	<u>10,870</u>	<u>23,374</u>

At the balance sheet date, the academy trust was holding funds received in advance for student activities of £10,870 for the year ended 31st August 2017.

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**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2017**

16. Statement of funds

	Balance at 1 September 2016 £	Income £	Expenditure £	Gains/ (Losses) £	Balance at 31 August 2017 £
Unrestricted funds					
General Funds - all funds	409,324	270,717	(245,517)	-	434,524
Restricted funds					
General Annual Grant (GAG)	-	4,903,334	(5,087,913)	-	(184,579)
Other DfE/EFA grants	-	64,214	(64,214)	-	-
Other government grants	-	3,114	(3,114)	-	-
Other Restricted general funds	-	114,753	(114,753)	-	-
Special Purposes fund	76,778	400,998	(356,175)	-	121,601
Foundation donation	-	1,500,000	-	-	1,500,000
Library replacement	-	149,090	-	-	149,090
Pension reserve	(2,634,000)	-	(116,000)	355,000	(2,395,000)
	(2,557,222)	7,135,503	(5,742,169)	355,000	(808,888)
Restricted fixed asset funds					
DfE/EFA capital grants	165,859	23,052	(24,752)	-	164,159
Capital expenditure from GAG	-	-	(34,284)	-	(34,284)
Transfer on conversion	3,120	-	-	-	3,120
Other donations	11,550	-	-	-	11,550
Capital donation from Foundation	235,000	67,017	(1,529)	-	300,488
	415,529	90,069	(60,565)	-	445,033
Total restricted funds	(2,141,693)	7,225,572	(5,802,734)	355,000	(363,855)
Total of funds	(1,732,369)	7,496,289	(6,048,251)	355,000	70,669

Statement of funds - prior year

	Balance at 1 September 2015 £	Income £	Expenditure £	Gains/ (Losses) £	Balance at 31 August 2016 £
Unrestricted funds					
General Funds - all funds	556,084	258,555	(221,988)	(183,327)	409,324
	556,084	258,555	(221,988)	(183,327)	409,324

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FOR THE YEAR ENDED 31 AUGUST 2017**

16. Statement of funds (continued)

Restricted funds

General Annual Grant (GAG)	352	4,919,358	(5,105,832)	186,122	-
Other DfE/EFA grants	-	114,702	(114,702)	-	-
Other government grants	-	17,419	(17,419)	-	-
Other Restricted general funds	1,326	148,112	(149,438)	-	-
Special Purposes fund	83,487	273,600	(280,309)	-	76,778
Pension reserve	(1,553,000)	-	(53,000)	(1,028,000)	(2,634,000)
	<u>(1,467,835)</u>	<u>5,473,191</u>	<u>(5,720,700)</u>	<u>(841,878)</u>	<u>(2,557,222)</u>

Restricted fixed asset funds

DfE/EFA capital grants	141,000	45,783	(20,924)	-	165,859
Capital expenditure from GAG	28,374	-	(39,199)	10,825	-
Transfer on conversion	5,915	-	-	(2,795)	3,120
Other donations	23,515	-	-	(11,965)	11,550
Capital donation from Foundation	235,000	160,190	(161,330)	1,140	235,000
	<u>433,804</u>	<u>205,973</u>	<u>(221,453)</u>	<u>(2,795)</u>	<u>415,529</u>
Total restricted funds	<u>(1,034,031)</u>	<u>5,679,164</u>	<u>(5,942,153)</u>	<u>(844,673)</u>	<u>(2,141,693)</u>
Total of funds	<u>(477,947)</u>	<u>5,937,719</u>	<u>(6,164,141)</u>	<u>(1,028,000)</u>	<u>(1,732,369)</u>

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

- General Annual Grant must be used for the normal running of the Academy and any amounts carried forward at the end of a financial period must be used in accordance with the terms of the Funding Agreement.
- Other EFA grants comprise additional funding received for the furtherance of education, which must be used in accordance with the specific terms of each grant.
- Other Government Grants includes, Devolved Formula Grant and other Non/DFE grants.
- The Pension Reserve represents the value of the Academy's share of the deficit in the Local Government Pension Scheme. The value of the deficit at start of the year was £2,634,000 and has reduced to £2,395,000 at 31 August 2017.
- The Special Purposes Fund is a non-public fund which receives income from students to fund participation in school trips as well as other such related activities.
- The Restricted Fixed Asset Funds include assets inherited on conversion and expenditure out of GAG and other capital grants during the period. Depreciation is charged against the fund.

Under the funding agreement with the Secretary of State, the academy was not subject to a limit on the amount of GAG that it could carry forward at 31 August 2017.

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17. Analysis of net assets between funds

	Unrestricted funds 2017 £	Restricted funds 2017 £	Restricted fixed asset funds 2017 £	Total funds 2017 £
Tangible fixed assets	-	-	405,998	405,998
Current assets	564,290	1,608,483	99,600	2,272,373
Creditors due within one year	(129,766)	(22,371)	(60,565)	(212,702)
Provisions for liabilities and charges	-	(2,395,000)	-	(2,395,000)
	<u>434,524</u>	<u>(808,888)</u>	<u>445,033</u>	<u>70,669</u>

Analysis of net assets between funds - prior year

	Unrestricted funds 2016 £	Restricted funds 2016 £	Restricted fixed asset funds 2016 £	Total funds 2016 £
Tangible fixed assets	-	-	415,529	415,529
Current assets	409,324	297,987	-	707,311
Creditors due within one year	-	(221,209)	-	(221,209)
Provisions for liabilities and charges	-	(2,634,000)	-	(2,634,000)
	<u>409,324</u>	<u>(2,557,222)</u>	<u>415,529</u>	<u>(1,732,369)</u>

18. Reconciliation of net movement in funds to net cash flow from operating activities

	2017 £	2016 £
Net income/(expenditure) for the year (as per Statement of financial activities)	1,448,038	(226,422)
Adjustment for:		
Depreciation charges	34,284	39,199
Dividends, interest and rents from investments	(482)	(807)
Decrease in stocks	772	526
Decrease/(increase) in debtors	262,732	(154,323)
Decrease in creditors	(8,506)	(220,745)
Defined benefit pension scheme cost less contributions payable	60,000	(10,000)
Defined benefit pension scheme finance and administration cost	56,000	63,000
Net cash provided by/(used in) operating activities	<u>1,852,838</u>	<u>(509,572)</u>

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**NOTES TO THE FINANCIAL STATEMENTS
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19. Analysis of cash and cash equivalents

	2017 £	2016 £
Cash in hand	2,204,564	375,996
Total	<u>2,204,564</u>	<u>375,996</u>

20. Pension commitments

The academy's employees belong to two principal pension schemes: the Teacher's Pension Scheme for 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 pension schemes.

The latest actuarial valuation of the TPS related to the period ended 31 March 2012 and of the LGPS 31 March 2016.

Contributions amounting to £75,410 (TPS £57,448; LGPS £17,962) were payable to the schemes at 31 August 2017 (2016 - £74,362) and are included within creditors.

Teachers' Pension Scheme

Introduction

The Teachers' Pension Scheme (TPS) is a statutory, contributory, defined benefit scheme, governed by the Teachers' 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

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

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20. Pension commitments (continued)

- 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 previous year 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 2016 data, whereupon the employer contribution rate is expected to be reassessed and will be payable from 1 April 2019.

The employer's pension costs paid to TPS in the period amounted to £442,216 (2016 - £454,795).

A copy of the valuation report and supporting documentation is on the Teachers' Pensions website (www.teacherspensions.co.uk/news/employers/2014/06/publication-of-the-valuation-report.aspx).

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

Local Government Pension Scheme

The LGPS is a funded defined benefit scheme, with assets held in separate trustee-administered funds. The total contribution made for the year ended 31 August 2017 was £197,000 (2016 - £176,000), of which employer's contributions totalled £150,000 (2016 - £136,000) and employees' contributions totalled £47,000 (2016 - £40,000). The agreed contribution rates for future years are 14.7% for employers and 5.5% and 12.5% 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:

	2017	2016
Discount rate for scheme liabilities	2.40 %	2.10 %
Rate of increase in salaries	3.70 %	3.30 %
Rate of increase for pensions in payment / inflation	2.20 %	1.90 %
Inflation assumption (CPI)	2.20 %	1.80 %

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

	2017	2016
Retiring today		
Males	21.6	22.5
Females	24.7	25.4
Retiring in 20 years		
Males	24.2	24.9
Females	27.7	28.2

At 31 August

At 31 August

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20. Pension commitments (continued)

Sensitivity analysis

	2017 £	2016 £
Discount rate +0.1%	2,305,000	2,537,000
Inflation +0.1%	2,487,000	2,734,000
Mortality assumption - 1 year increase	2,471,000	2,706,000
CPI rate +0.1%	2,419,000	2,677,000

The academy's share of the assets in the scheme was:

	Fair value at 31 August 2017 £	Fair value at 31 August 2016 £
Equities	946,000	782,000
Gilts	280,000	245,000
Corporate bonds	145,000	122,000
Cash/liquidity	87,000	55,000
Total market value of assets	<u>1,458,000</u>	<u>1,204,000</u>

The actual return on scheme assets was £159,000 (2016 - £230,000).

The amounts recognised in the Statement of financial activities incorporating income and expenditure account are as follows:

	2017 £	2016 £
Current service cost	(210,000)	(126,000)
Interest income	33,000	47,000
Admin expenses	(86,000)	(107,000)
Employer contributions	150,000	136,000
Admin expenses	(3,000)	(3,000)
Total	<u>(116,000)</u>	<u>(53,000)</u>

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

	2017 £	2016 £
Opening defined benefit obligation	4,124,000	2,650,000
Current service cost	210,000	126,000
Interest cost	86,000	107,000
Employee contributions	47,000	40,000
Actuarial (gains)/losses	(249,000)	1,212,000
Benefits paid	(16,000)	(11,000)
Closing defined benefit obligation	<u>4,202,000</u>	<u>4,124,000</u>

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20. Pension commitments (continued)

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

	2017 £	2016 £
Opening fair value of scheme assets	1,490,000	1,097,000
Return on plan assets (excluding net interest on the net defined pension liability)		
Actuarial losses	33,000	47,000
Employer contributions	106,000	184,000
Employee contributions	150,000	136,000
Benefits paid	47,000	40,000
Administration expenses	(16,000)	(11,000)
	(3,000)	(3,000)
Closing fair value of scheme assets	<u>1,807,000</u>	<u>1,490,000</u>

21. Operating lease commitments

At 31 August 2017 the total of the Academy trust's future minimum lease payments under non-cancellable operating leases was:

	2017 £	2016 £
Amounts payable:		
Within 1 year		
Between 1 and 5 years	12,020	14,936
	12,020	24,040
Total	<u>24,040</u>	<u>38,976</u>

22. 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.

23. Related party transactions

Owing to the nature of the academy's operations 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 academy's financial regulations and normal procurement procedures.