

Company Registration No. 07767222 (England and Wales)

# **MAGHULL HIGH SCHOOL**

**(A COMPANY LIMITED BY GUARANTEE)**

**GOVERNORS' REPORT AND AUDITED ACCOUNTS**

**FOR THE YEAR ENDED 31 AUGUST 2017**



# MAGHULL HIGH SCHOOL

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# MAGHULL HIGH SCHOOL

## REFERENCE AND ADMINISTRATIVE DETAILS

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### Members

Mr G Howe  
Mr M Anderson  
Mr L Nolan  
Mrs D M Rigby  
Mrs K A Rowlands  
Mr M J Woodward (Resigned 31 August 2016)

### Governors

Mr G Howe (Chairman)  
Mrs J M Aspinall (Staff Governor)  
Mr M Anderson (Headteacher and Accounting Officer)  
Mr N Beaumont (Parent Governor)  
Mr J Currie (Staff Governor) (Resigned 15 December 2016)  
Mr C R Hurst (Staff Governor)  
Mr S Mahon (Community Governor)  
Mrs C Mawdsley (Parent Governor)  
Ms W Michaels (Parent Governor)  
Mr L Nolan (Community Governor)  
Mrs D M Rigby (Community Governor)  
Mrs K A Rowlands (Members Governor)  
Mr P Seddon (Community Governor) (Resigned 14 September 2016)  
Mrs D M Thorne (Community Governor)  
Mrs V Garside (Parent Governor)  
Mrs J McDowall (Parent Governor)

### Senior management team

- Headteacher	Mr Mark Anderson
- Senior Deputy Headteacher	Ms Davina Aspinall
- Deputy Headteacher	Mr Matthew Kay
- Deputy Headteacher	Mr Malcolm Vaughan
- Assistant Headteacher	Mrs Marie Bennett
- Assistant Headteacher	Mr Gareth Banks
- Assistant Headteacher	Mrs Laura Lindley
- Director of Resources	Mrs Valerie Leatherbarrow
- Business Manager	Mr Andrew Wilbraham

### Company secretary

Ms D J Aspinall

### Company name

Maghull High School

### Company registration number

07767222 (England and Wales)

### Registered office

Ormonde Drive  
Maghull  
Liverpool  
L31 7AW

**MAGHULL HIGH SCHOOL**

**REFERENCE AND ADMINISTRATIVE DETAILS**

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**Independent auditor**

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

**Solicitors**

Browne Jacobson LLP  
Mowbray House  
Castle Meadow Road  
Nottingham  
NG2 1BJ

# MAGHULL HIGH SCHOOL

## GOVERNORS' REPORT

FOR THE YEAR ENDED 31 AUGUST 2017

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The Governors present their annual report together with the accounts and independent auditor's report of the charitable company 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 Academy operates an academy for pupils aged 11 to 18 serving a catchment area in Maghull and surrounding areas.

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

#### Constitution

Maghull High School converted to an Academy ("The Academy") on 1 October 2011. The Academy 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.

The Academy was incorporated on 8 September 2011 and commenced its activities on transfer from the Local Authority on the conversion date stated above.

The Governors are the trustees of Maghull High School and are also the directors of the Charitable Company for the purposes of company law. Details of the Governors 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.

#### Governors' indemnities

The Academy has opted into the Government's Risk Protection Arrangement which includes cover for governors and officers from claims arising in connection with Academy business.

#### Principal activities

The principal object and activity of the Charitable Company is the operation of a school to provide education for pupils of mixed abilities between the ages of 11 and 18. In accordance with the articles of association the charitable company has adopted a "Scheme of Government" approved by the Secretary of State for Education. The Scheme of Government specifies, amongst other things, the basis for admitting students to the Academy, the catchment area from which the students are drawn, and that the curriculum should comply with the substance of the national curriculum.

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

Parent governors	Elected by parents of the students of the Academy
Staff governors	Elected by staff of the Academy
Local government representatives	Appointed by Local Authority
Other governors	Appointed by Trust/ Governing Body

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

All governors are provided with copies of 'A Guide to the Law for School Governors' and an information pack on appointment. Induction training is provided by the Chair and Headteacher and ongoing training is provided through various training providers.

# MAGHULL HIGH SCHOOL

## GOVERNORS' REPORT (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2017

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### Organisational structure

The Academy is governed by its Governing Body, whose members are directors of the Charitable Company for the purposes of the Companies Act 2006 and trustees for the purposes of charity legislation. The organisational structure of the Academy consists of 4 levels: the Governing Body, the Headteacher, the Senior Leadership Team and the Extended Leadership Team.

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

- Curriculum
- Finance and Audit Committee
- Scrutiny and Review
- Personnel

The Headteacher is also the Accounting Officer and has responsibility for the following core functions at a strategic and operational level in relation to the finances of the Academy:

- Leading and managing the creation of the School Improvement Plan, underpinned by sound resource planning and which identifies priorities and targets for ensuring that pupils achieve high standards and make progress, increasing teachers' effectiveness and securing school improvement.
- Ensuring that the relevant financial regulations/standing orders or DfES requirements are implemented by establishing sound internal financial controls, providing financial advice to the Governing Body.

The senior leadership team comprises:

Headteacher	Mr Mark Anderson
Senior Deputy Headteacher	Ms Davina Aspinall
Deputy Headteacher	Mr Matthew Kay
Deputy Headteacher	Mr Malcolm Vaughan
Assistant Headteacher	Mrs Marie Bennett
Assistant Headteacher	Mr Gareth Banks
Assistant Headteacher	Mrs Laura Lindley
Director of Resources	Mrs Valerie Leatherbarrow
Business Manager	Mr Andrew Wilbraham

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

Maghull High School follow the national agreed pay policy which is endorsed by the governing body with regard to setting of key management personnel pay.

Following Performance Management meetings, with performance management governors, the School Improvement Partner (SIP) and key personnel, pay recommendations within the recommended national wage band are sent to members of the governing body along with evidence of targets met, with guidance from the SIP and performance management governors.

### Related parties and other connected charities and organisations

There are currently no connected organisations.

### **Objectives and activities**

#### Objects and aims

The Academy aims to increase achievements, promote social mobility and provide the highest possible standards of education. This sense is encapsulated in our Mission Statement:

"All to aspire, all to achieve, all to enjoy"

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# MAGHULL HIGH SCHOOL

## GOVERNORS' REPORT (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2017

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### Objectives, strategies and activities

We believe that the continued success of the Academy has been enhanced by the Governors' adoption of academy status which continues to enable us to realise our ambitious improvement plans more rapidly.

Academy status helps us to deliver a more bespoke way of working tailored to meeting the needs and aspirations of the students and staff of Maghull High School. The care and support we offer our school community has long been a strength of the school and academy status has allowed us to maintain investment whilst maintaining a direct relationship with the outside agencies who help sustain our total commitment to equality of opportunity and safeguarding.

The Academy continues to invest significantly in the technology available to both students and staff. Staff are finding increasingly greater ways of utilising this resource for teaching and learning. The learning environment has impacted significantly to improve communication and out of school learning over the coming academic year.

By making creative use of our funding we have significantly enhanced the quality of the teaching environment.

### Public benefit

The Governors have considered the Charity Commission's guidance on Public Benefit.

The key public benefit delivered by Maghull High School is the maintenance and development of the high quality education provided by the Academy to the young people of Maghull and the surrounding district. In addition, a wide range of extra-curricular activities, educational trips, visits and foreign exchange programmes are offered and undertaken. In particular the Academy has developed links with China, Italy and South Africa through its expertise in the Performing Arts. The Academy has benefited for a number of years from the support of a Spanish Foreign Language Assistant and between 2014 and 2017 from Chinese Language Assistants supported by the British Council. The Academy also signed an exciting partnership agreement with Minggang High School, Ningbo, China. Staff and students from China have visited our school on two occasions and a group of our staff and sixth form students made the return leg of the exchange visit to Ningbo, Beijing and Shanghai in October 2016.

The Academy has a tradition of working with other local schools and organisations through its membership of the Maghull and District Community of Schools, to provide a wealth of opportunity for the young people in the local community especially in sport and the arts. Collaborative working is also a strong feature of our links with other secondary schools across Sefton most especially in 2016 – 2017 with Range High School.

# MAGHULL HIGH SCHOOL

## GOVERNORS' REPORT (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2017

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### Strategic report

#### Achievements and performance

Last year was most certainly a contrasting year of both highs and lows. Michael Gove's brave new curriculum had kept all our teachers busy planning and delivering new content and preparing students for a wide raft of revised courses with a bigger emphasis on the demands of the final examination. Sixth formers faced linear specifications for the first time without the comfort blanket of the Advanced Subsidiary examination at the end of Year 12 and predicting final outcomes became even more challenging especially as controlled assessments disappeared. More examinations were introduced to vocational courses and there were so few past papers for many subjects to practice with. This would be challenging enough were it not for the simple fact that the last 12 months has seen the most significant level of belt tightening this century. Costs of running a school up; income down hence staff quite simply having to do more and more for less. So governors wish to pay tribute to the excellent job that our staff continues to do on behalf of our students; of how they have continued to raise their game, go the extra mile and deliver a quality and enriching educational experience for every one of our pupils.

At A Level the pass rate was very high with the vast majority of subjects achieving 100% success rates and we were delighted to see a return to positive value-adding, especially with applied and vocational courses. Our highest percentage of students ever secured their places at university and we wish them every success.

At GCSE Year 11 rose to the challenge of the new specifications with especially positive results at the highest grades and levels. The total percentage of A\*/A grades or 7+ grades on the new system more than doubled compared to 2016. By the same measure 15 out of 18 subjects improved their examination performance compared to 2016. Similarly, 14 out of 18 subjects improved their A\* - C measure. As assessed by the headline Progress 8 score the school improved results by almost half a grade per pupil per subject. Perhaps not surprisingly staying on rates into the sixth form have been the highest ever with over 70% of the year group moving into Year 12.

Results in engineering, business studies and drama were outstanding and we were delighted with the gains that Mrs Velasco and her team made with pupils in her first year in Spanish. The work led by Mr Hains with Mr Maddock and the IT department secure an amazingly positive set of results in IT. We were also very proud of the number of students who obtained the highest grades in religious studies when they are only provided with one lesson each week. Mr Donnan and Miss Stanger should also be thanked for the big leap forward after much hard work in geography. Not only were results strong at both GCSE and A level but the department also secured the prestigious secondary geography quality award from the Geographical Association.

Regrettably, we said farewell to too many excellent colleagues last year including two of our longest serving members of staff, Mr Vaughan and Mr Stenson who decided to retire from teaching after many years of outstanding service.

The year also saw a complete run of our revised newsletter, edited by Mrs Bennett. It provides parents and our wider community with a rich picture of the wide range of educational activities offered to our pupils.

On the sports fields 2016 – 2017 saw a wide range of successes. Many of the football teams enjoyed successful seasons. The first XI managed by Mr Kay and ably captained by Owen Roberts retained the Sefton Cup against arch rivals Deyes high and in so doing secured the cup for the third time in the last five years. It was also brilliant to see Miss Nelson lead out our girls' football team to a successful first season. Our netball teams were strong throughout the season. Thanks also to Mrs Brogden and all the staff who supported students through the Duke of Edinburgh award last year.

The student council charities group did some excellent work last year and raised much needed funds for MacMillan, Children in Need, Carla Lane Dogs' shelter, Dogs Trust and Alder Hey Hospital. It is sad that in 21st century Britain that the sixth form had to support the Trussell Trust foodbank but they did a brilliant job with the reverse Advent Calendar scheme. On an individual charitable note many congratulations to Ryan Wilson, then in Year 8 for his successful coast to coast cycle in aid of the Alzheimer's society.

# MAGHULL HIGH SCHOOL

## GOVERNORS' REPORT (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2017

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Not surprisingly, Maghull High School had a wonderful year on stage and in the concert hall. The production of Our Day Out was sheer good fun and was really enjoyed by large audiences including many of our partner primary schools. Many thanks also to Mr Dutch and the team for agreeing to host Sefton Music Service for a hectic week of concerts during a very busy summer term

The annual dance show was rather confidently titled "Flawless"; it lived up to its title.

For a two person team, the Art department continued to punch above its weight both in the quality of examination success that its pupils achieved and in the success its work achieved in public competitions. Yet again the Dot Art competition saw considerable success with Luke Hinton announced as overall runner-up and securing an offer of a scholarship from John Moores university should he wish to study art in the future. Many congratulations also to Saskia Williams as her design for Sefton Year of the Coast logo was chosen from well over 500 entries.

Maghull High School is proud of our commitments to promoting equality, tolerance and diversity and several aspects of this strand of character education stood out last year. For many students the highlight was the visit of Sir Ian McKellen on behalf of Stonewall as an ambassador for LGBT rights. His message was so well delivered naturally he gave us Gandolf with Mr McQuade as Bilbo and he ended with a flourish of Shakespeare. He was so generous with his time and proud of his message that no one could doubt the strength of what he had to say. Governors would also thank Ms Cordingley and Mr Eatock for organizing such a powerful visit to Poland including a visit to Auschwitz. This together with our on-going commitment to The Anne Frank Trust and the visit of Holocaust survivor Harry Bibring and the outstanding attitudes displayed by our pupils show what is possible in a tolerant and informed community such as ours.

We continued to build international bridges with our partner school in Minggang, Ningbo, China. For the first time a party of 20 of our Sixth form students did visit Minggang High and many of the cultural sights of China including the Forbidden City, The Great Wall and Shanghai Bund. We are very grateful to the hard work in planning the visit undertaken by many but especially Mr Hurst and Ms Wallis. In July we welcomed Minggang students and staff back to Maghull and we continue to explore ways of deepening the partnership between our schools.

### Key Performance Indicators

See Achievements and Performance section.

### Going concern

After making appropriate enquiries, the Governing Body has a reasonable expectation that the academy has adequate resources to continue in operational existence for the foreseeable future despite having negative reserves and net current liabilities of £58,121 at 31st August 2017. This deficit arose following a major staffing review, which resulted in £66K of redundancy payments. There was a requirement for these accrued payments to be included in the 2016/17 annual accounts as that is when the expenditure was committed, although they were not paid until early September and had been included in the budget estimate for 2017/18. The production of a 3 year budget forecast together with strict monthly budget and cash flow monitoring will place the academy on a firmer financial footing going forward. The Governing Body therefore believes that the adjustments that have been made to the budget for 2017/18, which includes staffing adjustments in excess of £350,000 and further savings in non-staffing areas, support its decision to adopt the going concern basis in preparing the accounts. Further details regarding the adoption of the going concern basis can be found in the statement of accounting policies.

# MAGHULL HIGH SCHOOL

## GOVERNORS' REPORT (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2017

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### Financial review

The Academy's total incoming resources during the year were £5,480,109 (2016: £5,798,665)

The majority of the Academy's income derives from central government funding via the Education and Skills Funding Agency, in the form of current grants. Total funding received for the Academy's educational operations in the year was £5,433,578 (2016: £5,755,156) and further details are provided in Note 3 to the accounts.

Total outgoing resources for the year were £6,044,042 (2016: £6,405,265) which related to the direct provision of educational operations. The net outgoing resources were £563,933 (2016: £606,600).

At the period end the Academy's total reserves were £5,258,577 (2016: £5,123,510), including unrestricted funds of £nil (2016: £113,174) and restricted funds of £5,258,577 (2016: £5,010,336). Restricted funds include fixed assets of £8,096,698 (2016: £8,283,886), less the LGPS pensions scheme deficit of £2,780,000 (2016: £3,362,000). The remaining balances on restricted funds relate to funding received in the period which is due to be spent in 2017/18 in accordance with the terms of funding. Further detail is provided in Note 15.

On conversion in 2011 the Academy inherited a deficit of £1,540,000 in respect of the Local Government Pension Scheme, which many of the non-teaching staff belong to. This deficit had increased to £2,780,000 by 31 August 2017, mainly due to changes in actuarial assumptions regarding future returns on investments and the present value of future liabilities. Following the 2016 actuarial valuation the agreed deficit contribution for 2017/18 is approximately £83,900. This will be funded out of GAG. The result of the valuation and required level of payments are included in the Academy's annual budget. The Academy does not have an obligation to settle this liability immediately and there are no indications that it will crystallise in the foreseeable future.

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.

At 31 August 2017 all assets shown in the accounts were used exclusively for providing education and associated support services to students of the Academy.

### Reserves policy

In common with many schools, Maghull High is facing financial challenges, which make it difficult to build reserves. The Governors have set a budget for 2017/18, which clears the deficit of £58,121 at 31 August 2017 and aims to maintain a small reserve to provide a cushion to cover unexpected costs.

# MAGHULL HIGH SCHOOL

## GOVERNORS' REPORT (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2017

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### Financial risks

As an academy funded directly by the Department for Education funding streams are currently considered to be reasonably safe and secure. However the Governors have identified the following as major risks to the Academy:

- Variations year on year in the numbers of students admitted at Years 7 and 12, with a resulting effect upon funding levels
- Year on year reductions in the per capita funding of students in the Sixth Form as a result of changes in national Post-16 funding levels.
- The introduction of a National Funding Formula which could have a detrimental effect on funding.
- Deficit in the Local Authority Pension Scheme, resulting in an increase in employer's contribution rates.
- Further changes to the Teacher's Pension Scheme resulting in an increase in the employer's contribution rates
- Further changes to the employer's rates of National Insurance Contribution.
- Changes to staff in key business areas, which can affect the operation of the academy.

The Governors have taken account of the change in circumstances that resulted in material non-compliance with Academies Financial Handbook 2016 and have introduced rigorous internal financial controls together with requirements for monthly monitoring and reporting, strategies which will be managed and reviewed on a regular basis.

The academy has performed well this year with improved outcomes across the majority of subjects at both GCSE and Level 3 in the Sixth Form. We have a robust improvement plan, evidenced in the progress data for current students and are determined to significantly accelerate the rate of improvement in outcomes. Nonetheless, we recognise that in the current funding climate resources will remain tight for some time and that the more robust financial monitoring that we have now introduced will ensure monies are most carefully deployed to meet the needs of all pupils. We have been pleased by the quality of applications received for teacher vacancies and have continued to be able to appoint specialists to every area of the curriculum. A realignment of staffing structures enacted from 1 September 2017 will significantly reduce expenditure moving forward. The recruitment of students at 11 and 16 remains a priority for development given the context of falling student numbers in the area.

We are delighted that the rebuild of the main school building has now been fully authorised and funding allocated by the Department for Education. The new build will be a two storey free standing structure of almost 6,000m<sup>2</sup>. It includes specialist facilities in science, food technology, ICT, music and physical education as well as 17 general classrooms. A new energy centre will connect the new building with remaining legacy buildings. The projected energy use per square metre is significantly lower in the new building and all facilities are protected under warranties. The new building is also likely to have a positive impact upon student recruitment.

The major risks identified through the comprehensive assessment of possible risks to the future of the Academy are outlined above in the Risk Management section of this report.

### Investment policy and powers

All investments are agreed by the Governing Body, which has regard to the Charity Commission guidance in relation to charity investment policy. The Governing Body has a Reserves and Investments Policy which is available on the website. During 2016/17 the Governing Body had to call upon £76,000 previously held in a high interest account to meet its financial commitments and to ease the academy's cash flow.

# MAGHULL HIGH SCHOOL

## GOVERNORS' REPORT (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2017

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### Principal risks and uncertainties

Since becoming an academy in October 2011 the Governors of Maghull High School have been undertaking a comprehensive assessment of possible risks to the future of the Academy. The Governors have assessed the major risks to which the Academy is exposed, in particular those relating to specific teaching, provision of facilities and other operational areas of the Academy, and its finances. The Governors are satisfied that systems and procedures are in place to mitigate the exposure to major risks.

This risk assessment is in place, having been approved by the Governing Body. Systems and procedures are being developed to manage and mitigate these risks. The risk assessment will be reviewed and updated on a regular basis and timely reports will be presented to Governors.

The Governors have overall responsibility for ensuring that the Academy has an effective and appropriate system of control, financial and otherwise. They are also responsible for keeping proper accounting records which disclose with reasonable accuracy at any time the financial position of the Academy and enable them to ensure the financial statements comply with the Companies Act. The Governors also acknowledge responsibility for safeguarding the assets of the Academy and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities and to provide reasonable assurance that:

- The Academy is operating efficiently and effectively;
- Its assets are safeguarded against unauthorised use or disposition;
- Proper records are maintained and financial information used within the Academy or for publication is reliable;
- The Academy complies with relevant laws and regulations.

The internal financial systems are based on the Academies Financial Handbook which are documented in the Maghull High School Financial Management Handbook. The Academy's system of internal financial control is based on a framework of regular management information and administrative procedures including the segregation of duties where possible and a system of delegation and accountability. In particular, it includes:

- Comprehensive budgeting and monitoring systems with an annual budget and termly financial reports which are reviewed and agreed by the Governing Body;
- Regular reviews by the Finance and Audit 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.

Systems are based on a framework of segregation of duties and schemes of delegation which include authorisation and approval. Financial management information should be provided to the Headteacher on a monthly basis and the Senior Leadership Team and the Governors Finance and Audit Committee and Full Governors on a termly basis. However, because of instability in staffing following a review, the provision of financial information has not been as consistent as in previous financial years. However, with effect from July 2017 the staffing in this area has been strengthened and systems for monitoring are now fully operational.

Moore and Smalley LLP have carried out additional financial checks on systems and procedures and reports have been presented to the Governing Body. Recommendations for improvements to systems and procedures have either been implemented or are in the process of being implemented.

# MAGHULL HIGH SCHOOL

## GOVERNORS' REPORT (CONTINUED) FOR THE YEAR ENDED 31 AUGUST 2017

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### Plans for future periods

The Strategic Development Plan for the Academy is available via Maghull High School website. Priorities for the coming year are published in relation to: Achievement, Teaching & Learning, Personnel, Learning Environment and Well-being.

Our principal objective will be to continue to accelerate the progress made by our students throughout their time at Maghull High School.

In view of the deficit position at 31st August 2017, financial procedures will be strengthened and monthly monitoring of income, expenditure and cash flow will take place. Monthly monitoring reports will be presented to the Senior Leadership Team and the Chair of the Governors Finance Committee.

A survey of the buildings inherited on conversion indicated that total expenditure of approximately £2.7m was required to bring the buildings up to suitable modern standards. The Governors have been successful in their bid for significant capital investment through central government's Priority Schools Building Programme. This exciting multi-million pound capital project will see the entire main block of the school rebuilt on our existing site by early 2019. New facilities are to be provided across almost all curriculum areas and whole school provision including new kitchens, hall, sports changing and library.

### Auditor

In so far as the Governors are aware:

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

A resolution proposing that MHA Moore and Smalley be reappointed as auditor of the charitable company will be put to the members.

The Governors' report, incorporating a strategic report, was approved by order of the Governing Body, as the company directors, on 15/12/17 and signed on its behalf by:



.....  
**Mr G Howe**  
Chairman

# MAGHULL HIGH SCHOOL

## GOVERNANCE STATEMENT

FOR THE YEAR ENDED 31 AUGUST 2017

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### Scope of responsibility

As Governors we acknowledge we have overall responsibility for ensuring that Maghull High 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 Governing Body 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 Maghull High School and the Secretary of State for Education. They are also responsible for reporting to the Governing Body any material weaknesses or breakdowns in internal control.

### Governance

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

Governors	Meetings attended	Out of possible
Mr G Howe (Chairman)	4	4
Mrs J M Aspinall (Staff Governor)	1	4
Mr M Anderson (Headteacher and Accounting Officer)	4	4
Mr N Beaumont (Parent Governor)	3	4
Mr J Currie (Staff Governor) (Resigned 15 December 2016)	0	1
Mr C R Hurst (Staff Governor)	4	4
Mr S Mahon (Community Governor)	3	4
Mrs C Mawdsley (Parent Governor)	0	4
Ms W Michaels (Parent Governor)	1	4
Mr L Nolan (Community Governor)	4	4
Mrs D M Rigby (Community Governor)	1	4
Mrs K A Rowlands (Members Governor)	3	4
Mrs D M Thorne (Community Governor)	4	4
Mrs V Garside (Parent Governor)	4	4
Mrs J McDowall (Parent Governor)	4	4

The main challenge facing Governors this year was the level of information made available to enable them to meet their responsibilities in relation to financial management. The school undertook a restructuring of its finance team during previous financial year, which resulted in some instability in the team, and as a result, financial information was not as readily available as previously. There were delays in the provision of up to date information to senior leaders and governors. The staffing situation was reviewed and from July 2017 the team was strengthened. Financial systems and procedures were brought up to date to enable the Governors to be confident that the year end procedures could be put in place.

### Review of value for money

As accounting officer the Headteacher has responsibility for ensuring that the Academy 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.

# MAGHULL HIGH SCHOOL

## GOVERNANCE STATEMENT (CONTINUED)

### FOR THE YEAR ENDED 31 AUGUST 2017

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

- Continuing to invest in both our Information Technology infrastructure and the technology available to both students and staff. The improvement to our wireless network has enabled staff to find increasingly greater ways of utilising the internet for teaching and learning.
- Revisions to the curriculum model which increase the efficiency of teacher deployment.
- Continued monitoring and market testing of external contracts.
- Agreeing more frequent and forensic monitoring of expenditure

#### **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 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 Maghull High School for the period 1 September 2016 to 31 August 2017 and up to the date of approval of the annual report and accounts.

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

The Governing Body has reviewed the key risks to which the Academy is exposed together with the operating, financial and compliance controls that have been implemented to mitigate those risks. The Governing Body is of the view that the introduction of increased levels of monitoring, review and reporting which have been introduced will result in early identification of any significant risks facing the Academy.

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

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

The Governing Body has considered the need for a specific internal audit function and has decided not to appoint an internal auditor. However, the governors have appointed Moore and Smalley LLP, to carry out additional termly checks on financial systems and procedures.

The internal auditor'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 system
- testing of control account/bank reconciliations
- testing of financial reporting mechanisms

# MAGHULL HIGH SCHOOL

## GOVERNANCE STATEMENT (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2017

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The Responsible Officer Report is presented to the board of trustees, through the Finance and Audit Committee on the operation of the systems of control and on the discharge of the board of trustees' financial responsibilities. During the 2016/17 accounting period the systems for monitoring the academy's finances were not regularly updated which resulted in only two of the three Responsible Officers reports being prepared. Management responses to the reports were prepared and the recommendations have now been implemented.

### 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:

- policies and procedures developed and implemented in part, although there are concerns about the level of monitoring that has taken place during the year as a result of staffing complications.
- an Audit Committee which has been set up to consider the effectiveness of internal controls
- the reports from MHA Moore and Smalley
- the work of the External Auditor
- 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 Audit Committee and a plan to ensure continuous improvement of the system is in place.

Approved by order of the Governing Body on ...15.12.17 and signed on its behalf by:

  
.....  
**Mr G Howe**  
Chairman

  
.....  
**Mr M Anderson**  
Headteacher and Accounting Officer

**MAGHULL HIGH SCHOOL**

**STATEMENT OF REGULARITY, PROPRIETY AND COMPLIANCE  
FOR THE YEAR ENDED 31 AUGUST 2017**

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As accounting officer of Maghull High School I have considered my responsibility to notify the Academy Governing Body and the Education and Skills Funding Agency (ESFA) of material irregularity, impropriety and non-compliance with ESFA terms and conditions of funding, under the funding agreement in place between the Academy 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's Governing Body are able to identify any material irregular or improper use of funds by the Academy, or material non-compliance with the terms and conditions of funding under the Academy's funding agreement and the Academies Financial Handbook 2016.

A review of the structure of the finance team in 2016 caused instability during the 2016/17 financial year which resulted in procedures not being rigorously followed in accordance with the financial procedures manual. This also meant that the provision of financial information was not as consistent as in previous years. With effect from July 2017 the staffing of the finance team has been strengthened and the systems for processing and monitoring finances are fully operational.

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



.....  
**Mr M Anderson**  
**Accounting Officer**

.....  
15.12.17

# MAGHULL HIGH SCHOOL

## STATEMENT OF GOVERNORS' RESPONSIBILITIES

FOR THE YEAR ENDED 31 AUGUST 2017

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The Governors (who act as trustees for Maghull High School and are also the directors of Maghull High School for the purposes of company law) are responsible for preparing the Governors' Report and the accounts 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 Governors to prepare accounts for each financial year. Under company law the Governors must not approve the accounts unless they are satisfied that they give a true and fair view of the state of affairs of the charitable company and of its incoming resources and application of resources, including its income and expenditure, for that period.

In preparing these accounts, the Governors are required to:

- select suitable accounting policies and then apply them consistently;
- observe the methods and principles in the Charities SORP 2015 and the Academies Accounts Direction 2016 to 2017;
- make judgements and accounting estimates that are reasonable and prudent;
- state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the accounts; and
- prepare the accounts on the going concern basis unless it is inappropriate to presume that the charitable company will continue in business.

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

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

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

Approved by order of the Governing Body on 15/12/17 and signed on its behalf by:

  
.....

**Mr G Howe**  
Chairman

# MAGHULL HIGH SCHOOL

## INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF MAGHULL HIGH SCHOOL

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### Opinion

We have audited the accounts of Maghull High School for the year ended 31 August 2017 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 2016 to 2017 issued by the Education and 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 2017 and of its incoming resources and application of resources, including its income and expenditure, for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice;
- have been prepared in accordance with the requirements of the Companies Act 2006; and
- have been prepared in accordance with the Charities SORP 2015 and the Academies Accounts Direction 2016 to 2017.

### 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 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 Governors' use of the going concern basis of accounting in the preparation of the accounts is not appropriate; or
- the Governors have not disclosed in the accounts 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 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 Governors are responsible for the other information. Our opinion on the accounts does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon.

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

We have nothing to report in this regard.

# MAGHULL HIGH SCHOOL

## INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF MAGHULL HIGH SCHOOL (CONTINUED)

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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 our audit:

- the information given in the Governors' Report including the incorporated strategic report for the financial year for which the accounts are prepared is consistent with the accounts; and
- the Governors' 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 and its environment obtained in the course of the audit, we have not identified material misstatements in the Governors' 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 Governors**

As explained more fully in the Statement of Governors' Responsibilities, the Governors 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 Governors 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 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 charitable company, or have no realistic alternative but to do so.

### **Auditor's responsibilities for the audit of the financial statements**

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

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

# MAGHULL HIGH SCHOOL

## INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF MAGHULL HIGH SCHOOL (CONTINUED)

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



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

Richard House  
9 Winckley Square  
Preston  
PR1 3HP

17 December 2017

# MAGHULL HIGH SCHOOL

## INDEPENDENT REPORTING ACCOUNTANT'S ASSURANCE REPORT ON REGULARITY TO MAGHULL HIGH SCHOOL AND THE EDUCATION AND SKILLS FUNDING AGENCY

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In accordance with the terms of our engagement letter dated 16 September 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 Maghull High School during the period 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 Maghull High School and ESFA in accordance with the terms of our engagement letter. Our work has been undertaken so that we might state to Maghull High School 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 Maghull High School and ESFA, for our work, for this report, or for the conclusion we have formed.

### **Respective responsibilities of Maghull High School's accounting officer and the reporting accountant**

The accounting officer is responsible, under the requirements of Maghull High School's funding agreement with the Secretary of State for Education dated 29 September 2011 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 period 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 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 work undertaken to draw to our conclusion includes an evaluation of the control environment together with appropriate enquiry, analytical review and substantive testing of transactions.

# MAGHULL HIGH SCHOOL

## INDEPENDENT REPORTING ACCOUNTANT'S ASSURANCE REPORT ON REGULARITY TO MAGHULL HIGH SCHOOL AND THE EDUCATION AND SKILLS FUNDING AGENCY (CONTINUED)

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### Conclusion

As more fully explained in the Governors' Reports the agreed financial procedures were not complied with rigorously and the provision of financial information was delayed for part of the year. The finance team was strengthened in July 2017 and systems for processing and monitoring finances were brought up to date. There was no evidence of any material misstatement arising due to fraud or error.

Notwithstanding the above, 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 2016 to 31 August 2017 has not been applied to purposes intended by Parliament and the financial transactions do not conform to the authorities which govern them.

MHA Moore + Smalley

Reporting Accountant  
MHA Moore and Smalley

19 December 2017

# MAGHULL HIGH SCHOOL

## STATEMENT OF FINANCIAL ACTIVITIES INCLUDING INCOME AND EXPENDITURE ACCOUNT

FOR THE YEAR ENDED 31 AUGUST 2017

	Notes	Unrestricted funds £	Restricted general funds £	Restricted fixed asset funds £	Total 2017 £	Total 2016 £
<b>Income and endowments from:</b>						
Donations and capital grants	3	-	2,588	38,924	41,512	25,287
Charitable activities:						
- Funding for educational operations	4	39,975	5,393,603	-	5,433,578	5,755,156
Other trading activities	5	4,717	-	-	4,717	16,907
Investments	6	302	-	-	302	1,315
<b>Total income and endowments</b>		<u>44,994</u>	<u>5,396,191</u>	<u>38,924</u>	<u>5,480,109</u>	<u>5,798,665</u>
<b>Expenditure on:</b>						
Charitable activities:						
- Educational operations	8	42,889	5,730,017	271,136	6,044,042	6,405,265
<b>Total expenditure</b>	7	<u>42,889</u>	<u>5,730,017</u>	<u>271,136</u>	<u>6,044,042</u>	<u>6,405,265</u>
<b>Net income/(expenditure)</b>		2,105	(333,826)	(232,212)	(563,933)	(606,600)
Transfers between funds		(115,279)	70,255	45,024	-	-
<b>Other recognised gains and losses</b>						
Actuarial gains/(losses) on defined benefit pension schemes	18	-	699,000	-	699,000	(1,244,000)
<b>Net movement in funds</b>		<u>(113,174)</u>	<u>435,429</u>	<u>(187,188)</u>	<u>135,067</u>	<u>(1,850,600)</u>
<b>Reconciliation of funds</b>						
Total funds brought forward		113,174	(3,273,550)	8,283,886	5,123,510	6,974,110
Total funds carried forward	16	<u>-</u>	<u>(2,838,121)</u>	<u>8,096,698</u>	<u>5,258,577</u>	<u>5,123,510</u>

# MAGHULL HIGH SCHOOL

## BALANCE SHEET

AS AT 31 AUGUST 2017

		2017		2016	
	Notes	£	£	£	£
<b>Fixed assets</b>					
Tangible assets	12		8,096,698		8,283,886
<b>Current assets</b>					
Debtors	13	130,105		163,728	
Cash at bank and in hand		57,373		132,598	
		<u>187,478</u>		<u>296,326</u>	
<b>Current liabilities</b>					
Creditors: amounts falling due within one year	14	(245,599)		(94,702)	
<b>Net current assets</b>			(58,121)		201,624
<b>Net assets excluding pension liability</b>			<u>8,038,577</u>		<u>8,485,510</u>
Defined benefit pension liability	18		(2,780,000)		(3,362,000)
<b>Net assets</b>			<u>5,258,577</u>		<u>5,123,510</u>
<b>Funds of the Academy:</b>					
<b>Restricted funds</b>	16				
- Fixed asset funds			8,096,698		8,283,886
- Restricted income funds			(58,121)		88,450
- Pension reserve			(2,780,000)		(3,362,000)
<b>Total restricted funds</b>			<u>5,258,577</u>		<u>5,010,336</u>
<b>Unrestricted income funds</b>	16		-		113,174
<b>Total funds</b>			<u>5,258,577</u>		<u>5,123,510</u>

The accounts set out on pages 22 to 45 were approved by the Governing Body and authorised for issue on 15/12/17 and are signed on its behalf by:

  
.....  
Mr G Howe  
Chairman

Company Number 07767222

# MAGHULL HIGH SCHOOL

## STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED 31 AUGUST 2017

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	Notes	2017 £	£	2016 £	£
<b>Cash flows from operating activities</b>					
Net cash used in operating activities	19		(30,503)		(74,604)
<b>Cash flows from investing activities</b>					
Dividends, interest and rents from investments		302		1,315	
Capital grants from DfE and ESFA		21,924		23,412	
Payments to acquire tangible fixed assets		(67,148)		(26,123)	
Proceeds from sales of tangible fixed assets		200		-	
		<hr/>	(44,722)	<hr/>	(1,396)
<b>Change in cash and cash equivalents in the reporting period</b>					
			(75,225)		(76,000)
Cash and cash equivalents at 1 September 2016					
			132,598		208,598
<b>Cash and cash equivalents at 31 August 2017</b>					
			<u>57,373</u>		<u>132,598</u>

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# MAGHULL HIGH SCHOOL

## NOTES TO THE FINANCIAL STATEMENTS

### FOR THE YEAR ENDED 31 AUGUST 2017

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#### 1 Accounting policies

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

##### 1.1 Basis of preparation

The accounts of the Academy, 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 ESFA, the Charities Act 2011 and the Companies Act 2006.

Maghull High School meets the definition of a public benefit entity under FRS 102.

##### 1.2 Going concern

The Governors assess whether the use of going concern is appropriate, ie whether there are any material uncertainties related to events or conditions that may cast significant doubt on the ability of the charitable company to continue as a going concern. The Governors make this assessment in respect of a period of at least one year from the date of authorisation for issue of the accounts and have concluded that the Academy has adequate resources to continue in operational existence for the foreseeable future and there are no material uncertainties about the Academy's ability to continue as a going concern. At 31 August 2017 the academy had negative reserves and net current liabilities of £58,121. This deficit arose following a major staffing review, which resulted in £66K of redundancy payments. There was a requirement for these accrued payments to be included in the 2016/17 annual accounts as that is when the expenditure was committed, although they were not paid until early September and had been included in the budget estimate for 2017/18. The production of a 3 year budget forecast together with strict monthly budget and cash flow monitoring will place the academy on a firmer financial footing going forward. The Governing Body therefore believes that the adjustments that have been made to the budget for 2017/18, which includes staffing adjustments in excess of £350,000 and further savings in non-staffing areas, support its decision to adopt the going concern basis in preparing the accounts. The Governors therefore continue to adopt the going concern basis of accounting in preparing the accounts.

##### 1.3 Income

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

###### Grants receivable

Grants are included in the statement of financial activities on a receivable basis. The balance of income received for specific purposes but not expended during the period is shown in the relevant funds on the balance sheet. Where income is received in advance of 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 in the period for which it is receivable, and any abatement in respect of the period is deducted from income and recognised as a liability.

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

# MAGHULL HIGH SCHOOL

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2017

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### 1 Accounting policies

(Continued)

#### Sponsorship income

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

#### Donations

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

#### Other income

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

#### Donated goods, facilities and services

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

#### Donated fixed assets

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

#### Bursary funds

The academy trust acts as agent in distributing 16-19 bursary funds from ESFA. Payments received from ESFA and subsequent disbursements to students are excluded from the statement of financial activities as the academy does not have control over the charitable application of the funds. The funds received and paid and any balances held are disclosed in note 13.

### 1.4 Expenditure

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

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

All resources expended are inclusive of irrecoverable VAT.

#### Expenditure on raising funds

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

# MAGHULL HIGH SCHOOL

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2017

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### 1 Accounting policies

(Continued)

#### Charitable activities

These 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.

#### Governance costs

These include the costs attributable to the Academy's compliance with constitutional and statutory requirements, including audit, strategic management, Governors' meetings and reimbursed expenses.

### 1.5 Tangible fixed assets and depreciation

Assets costing £ 2,000 or more are capitalised as tangible fixed assets and are carried at cost, net of depreciation and any provision for impairment.

On conversion on the 1 October 2011, the Academy acquired the land and buildings from which it operates under a 125 year lease. No value was paid for the land and buildings, which have been incorporated into the accounts as a donated asset, based on a depreciated replacement cost valuation carried out as at 31 August 2012 on behalf of the Department for Education by DTZ. This valuation has been adjusted to take account of depreciation in the period since conversion, to arrive at an estimate for the value of land and buildings acquired on conversion.

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'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:

Leasehold land and buildings	2% straight-line
Computer equipment	25% straight-line
Fixtures, fittings & equipment	10% - 20% straight-line
Motor vehicles	20% straight-line

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

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

### 1.6 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 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.

# MAGHULL HIGH SCHOOL

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2017

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### 1 Accounting policies

(Continued)

#### 1.7 Leasing and hire purchase commitments

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

#### 1.8 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. Prepayments are not financial instruments.

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

##### Financial liabilities

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

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

#### 1.9 Taxation

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

#### 1.10 Pensions benefits

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

# MAGHULL HIGH SCHOOL

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2017

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### 1 Accounting policies

(Continued)

The LGPS is a funded scheme and the assets are held separately from those of the Academy 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.

#### 1.11 Fund accounting

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

Restricted fixed asset funds are resources which are to be applied to specific capital purposes imposed by the Education and Skills Funding Agency/Department for Education where the asset acquired or created is held for a specific purpose.

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

# MAGHULL HIGH SCHOOL

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2017

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### 2 Critical accounting estimates and areas of judgement

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

#### Critical accounting estimates and assumptions

The Academy 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.

#### Useful economic life of tangible fixed assets

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

As standard, a useful economic life of 50 years is applied to leasehold land and buildings, 4 years for computer equipment, 5 to 10 years for fixtures and fittings and 5 years for motor vehicles.

#### Impairment of fixed assets

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

#### Valuation of the Local Government Pension Scheme defined benefit liability

The present value of the Local Government Pension Scheme defined benefit liability depends on a number of factors that are determined on an actuarial basis using a variety of assumptions. The assumptions used in determining the net cost or income for pensions include the discount rate. Any changes in these assumptions, which are disclosed in note 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 2013 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.

#### Critical areas of judgement

##### Classification and valuation of long leasehold land and buildings

The academy's long leasehold land and buildings are held under a 125 year lease and are wholly used in the course of the academy's business and are held within the academy.

At the date of transition, the long leasehold land and buildings were measured at their fair value at 1 September 2014 which, upon transition, has been interpreted as deemed cost. Subsequent purchases of land and buildings are initially measured at cost.

##### Classification of finance and operating leases

At the inception of each lease, management undertake an assessment of the terms of the lease including the payments to be made over the life of the lease, the fair value of the asset subject to the lease, the length of the lease and whether the terms of the lease transfer substantially all of the risks and rewards of ownership.

Based on this assessment, management will determine whether the lease should be classified as a finance or operating lease.

**MAGHULL HIGH SCHOOL**

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

**FOR THE YEAR ENDED 31 AUGUST 2017**

**3 Donations and capital grants**

	Unrestricted funds £	Restricted funds £	Total 2017 £	Total 2016 £
Donated fixed assets	-	17,000	17,000	-
Capital grants	-	21,924	21,924	23,412
Other donations	-	2,588	2,588	1,875
	<u>-</u>	<u>41,512</u>	<u>41,512</u>	<u>25,287</u>

The income from donations and capital grants was £41,512 (2016: £25,287) of which £2,588 was restricted (2016: £1,875) and £38,924 was restricted fixed assets (2016: £23,412).

**4 Funding for the Academy's educational operations**

	Unrestricted funds £	Restricted funds £	Total 2017 £	Total 2016 £
<b>DfE / ESFA grants</b>				
General annual grant (GAG)	-	5,013,282	5,013,282	5,408,020
Other DfE / ESFA grants	-	241,024	241,024	236,876
	<u>-</u>	<u>5,254,306</u>	<u>5,254,306</u>	<u>5,644,896</u>
<b>Other government grants</b>				
Local authority grants	-	63,542	63,542	40,359
	<u>-</u>	<u>63,542</u>	<u>63,542</u>	<u>40,359</u>
<b>Other funds</b>				
Other incoming resources	39,975	75,755	115,730	69,901
	<u>39,975</u>	<u>75,755</u>	<u>115,730</u>	<u>69,901</u>
<b>Total funding</b>	<u>39,975</u>	<u>5,393,603</u>	<u>5,433,578</u>	<u>5,755,156</u>

The income from funding for educational operations was £5,433,578 (2016: £5,755,156) of which £39,975 was unrestricted (2016: £31,358) and £5,393,603 was restricted (2016: £5,723,798).

**5 Other trading activities**

	Unrestricted funds £	Restricted funds £	Total 2017 £	Total 2016 £
Hire of facilities	4,717	-	4,717	16,907
	<u>4,717</u>	<u>-</u>	<u>4,717</u>	<u>16,907</u>

The income from other trading activities was £4,717 (2016: £16,907) of which £4,717 was unrestricted (2016: £16,907).

# MAGHULL HIGH SCHOOL

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2017

### 6 Investment income

	Unrestricted funds £	Restricted funds £	Total 2017 £	Total 2016 £
Short term deposits	302	-	302	1,315

The income from funding for investment income was £302 (2016: £1,315) of which £302 was unrestricted (2016: £1,315).

### 7 Expenditure

	Staff costs £	Premises & equipment £	Other costs £	Total 2017 £	Total 2016 £
Academy's educational operations					
- Direct costs	3,846,592	96,289	701,052	4,643,933	4,637,018
- Allocated support costs	722,974	544,308	132,827	1,400,109	1,768,247
	<u>4,569,566</u>	<u>640,597</u>	<u>833,879</u>	<u>6,044,042</u>	<u>6,405,265</u>

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

	2017 £	2016 £
Fees payable to auditor for:		
- Audit	8,200	8,200
- Other services	1,855	2,415
- Internal control audit	2,250	2,250
Operating lease rentals	17,777	14,472
Depreciation of tangible fixed assets	269,914	260,941
Loss on disposal of fixed assets	1,222	-
Net interest on defined benefit pension liability	67,000	78,000

### 8 Charitable activities

	Unrestricted funds £	Restricted funds £	Total 2017 £	Total 2016 £
Direct costs - educational operations	42,889	4,601,044	4,643,933	4,637,018
Support costs - educational operations	-	1,400,109	1,400,109	1,768,247
	<u>42,889</u>	<u>6,001,153</u>	<u>6,044,042</u>	<u>6,405,265</u>

The expenditure on educational operations was £6,044,042 (2016: £6,405,265) of which £42,889 was unrestricted (2016: £59,214), £5,730,017 was restricted (2016: £6,085,110) and £271,136 was restricted fixed assets (2016: £260,941).

2017 £	2016 £
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# MAGHULL HIGH SCHOOL

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2017

### 8 Charitable activities (Continued)

#### Analysis of support costs

Support staff costs	722,974	644,840
Depreciation and amortisation	174,847	169,928
Premises costs	340,555	724,209
Other support costs	148,078	216,405
Governance costs	13,655	12,865
	<u>1,400,109</u>	<u>1,768,247</u>

### 9 Staff costs

	2017 £	2016 £
Wages and salaries	3,299,797	3,499,083
Social security costs	318,572	307,499
Operating costs of defined benefit pension schemes	740,573	687,441
Apprenticeship levy	7,549	-
Staff costs	<u>4,366,491</u>	<u>4,494,023</u>
Supply staff costs	128,165	-
Staff restructuring costs	74,910	30,692
Total staff expenditure	<u>4,569,566</u>	<u>4,524,715</u>

#### Staff numbers

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

	2017 Number	2016 Number
Teachers	56	63
Administration and support	47	52
Management	10	9
	<u>113</u>	<u>124</u>

#### Higher paid staff

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

	2017 Number	2016 Number
£90,001 - £100,000	1	1
£70,001 - £80,000	1	-
£60,001 - £70,000	2	3
	<u>4</u>	<u>4</u>

# MAGHULL HIGH SCHOOL

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2017

### 9 Staff costs

(Continued)

All of the above employees participated in the Teacher's Pension Scheme. Pension contributions paid on behalf of these employees were £49,101 (2016: £47,865)

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

Included in staff restructuring costs are non-statutory/non-contractual severance payments totalling £74,910 (2016: £30,692). Individually, the payments were: £1,170, £1,589, £1,592, £1,680, £2,649, £2,777, £4,793, £6,179, £8,418, £9,457, £15,333 and £19,273 (2016: £14,044, £6,935 and £7,013).

#### Key management personnel

The key management personnel of the Academy comprise the Governors 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 was £773,876 (2016: £791,600).

### 10 Governors' remuneration and expenses

One or more Governors has been paid remuneration or has received other benefits from an employment with the Academy. The Headteacher and other staff Governors only receive remuneration in respect of services they provide undertaking the roles of Headteacher and staff members under their contracts of employment, and not in respect of their services as Governors.

The value of Governors' remuneration and other benefits was as follows:

#### M Anderson (Headteacher):

Remuneration £95,000 - £100,000 (2016: £95,000 - £100,000)

Employer's pension contributions £15,000 - £20,000 (2016: £15,000 - £20,000)

#### C Hurst (Staff):

Remuneration £40,000 - £45,000 (2016: £40,000 - £45,000)

Employer's pension contributions £5,000 - £10,000 (2016: £5,000 - £10,000)

#### J Aspinall (Staff):

Remuneration £45,000 - £50,000 (2016: £45,000 - £50,000)

Employer's pension contributions £5,000 - £10,000 (2016: £5,000 - £10,000)

#### J Currie (Staff):

Remuneration £5,000 - £10,000 (2016: £20,000 - £25,000)

Employer's pension contributions £nil - £5,000 (2016: £nil - £5,000)

During the year ended 31 August 2017 no travel and subsistence expenses were reimbursed or paid directly to the Governors (2016: £nil)

### 11 Governors and officers insurance

In accordance with normal commercial practice, the Academy has taken out insurance, however, this is under the Risk Protection Arrangement (RPA) from the ESFA. The Academy has been advised that this insurance provides unlimited cover for governors and officers from claims arising from negligent acts, errors or omissions occurring whilst on Academy business. The insurance cost relating to governors is not separately identifiable and is included within the total cost for the RPA.

# MAGHULL HIGH SCHOOL

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2017

### 12 Tangible fixed assets

	Leasehold land and buildings £	Computer equipment £	Fixtures, fittings & equipment £	Motor vehicles £	Total £
<b>Cost</b>					
At 1 September 2016	8,853,000	379,146	61,170	4,495	9,297,811
Additions	-	37,059	47,089	-	84,148
Disposals	-	-	-	(4,495)	(4,495)
At 31 August 2017	8,853,000	416,205	108,259	-	9,377,464
<b>Depreciation</b>					
At 1 September 2016	774,911	205,562	30,379	3,073	1,013,925
On disposals	-	-	-	(3,073)	(3,073)
Charge for the year	162,911	96,289	10,714	-	269,914
At 31 August 2017	937,822	301,851	41,093	-	1,280,766
<b>Net book value</b>					
At 31 August 2017	7,915,178	114,354	67,166	-	8,096,698
At 31 August 2016	8,078,089	173,584	30,791	1,422	8,283,886

### 13 Debtors

	2017 £	2016 £
Trade debtors	20,600	36,148
VAT recoverable	14,432	28,615
Prepayments and accrued income	95,073	98,965
	130,105	163,728

**MAGHULL HIGH SCHOOL**

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

**FOR THE YEAR ENDED 31 AUGUST 2017**

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<b>14 Creditors: amounts falling due within one year</b>	<b>2017</b>	<b>2016</b>
	<b>£</b>	<b>£</b>
Trade creditors	(1,096)	51,871
Other taxation and social security	82,678	-
Other creditors	91,932	12,081
Accruals and deferred income	72,085	30,750
	<u>245,599</u>	<u>94,702</u>

The academy distributes 16-19 bursary funds to students as an agent for ESFA. In the accounting period ending 31 August 2017 the academy received £31,896 (2016: £24,1773) and disbursed £18,275 (2016: £20,500) from the fund. An amount of £25,702 (2016: £12,801) is included in other creditors relating to undistributed funds that is repayable to ESFA.

<b>15 Deferred income</b>	<b>2017</b>	<b>2016</b>
	<b>£</b>	<b>£</b>
Deferred income is included within:		
	<u>          </u>	<u>          </u>
There were no movements in the year		

# MAGHULL HIGH SCHOOL

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2017

### 16 Funds

	Balance at 1 September 2016 £	Income £	Expenditure £	Gains, losses and transfers £	Balance at 31 August 2017 £
<b>Restricted general funds</b>					
General Annual Grant	51,185	5,013,282	(5,227,903)	70,255	(93,181)
Other DfE / ESFA grants	34,748	241,024	(240,712)	-	35,060
Other government grants	-	63,542	(63,542)	-	-
Other restricted funds	2,517	78,343	(80,860)	-	-
	<u>88,450</u>	<u>5,396,191</u>	<u>(5,613,017)</u>	<u>70,255</u>	<u>(58,121)</u>
Funds excluding pensions	88,450	5,396,191	(5,613,017)	70,255	(58,121)
Pension reserve	(3,362,000)	-	(117,000)	699,000	(2,780,000)
	<u>(3,273,550)</u>	<u>5,396,191</u>	<u>(5,730,017)</u>	<u>769,255</u>	<u>(2,838,121)</u>
<b>Restricted fixed asset funds</b>					
Transferred on conversion	8,106,590	-	(168,611)	-	7,937,979
DfE / ESFA capital grants	17,559	21,924	-	(39,483)	-
Capital expenditure from GAG and other funds	159,737	-	(101,392)	84,507	142,852
Private sector capital sponsorship	-	17,000	(1,133)	-	15,867
	<u>8,283,886</u>	<u>38,924</u>	<u>(271,136)</u>	<u>45,024</u>	<u>8,096,698</u>
<b>Total restricted funds</b>	<u>5,010,336</u>	<u>5,435,115</u>	<u>(6,001,153)</u>	<u>814,279</u>	<u>5,258,577</u>
<b>Unrestricted funds</b>					
General funds	<u>113,174</u>	<u>44,994</u>	<u>(42,889)</u>	<u>(115,279)</u>	<u>-</u>
<b>Total funds</b>	<u>5,123,510</u>	<u>5,480,109</u>	<u>(6,044,042)</u>	<u>699,000</u>	<u>5,258,577</u>

# MAGHULL HIGH SCHOOL

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2017

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### 16 Funds

(Continued)

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.

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

General Annual Grant must be used for the normal running expenses of the Academy and any amounts carried forward at the end of a financial year must be used in accordance with the terms of the Funding Agreement.

Other DfE/ESFA grants comprise additional funding received for the furtherance of education, which must be used in accordance with the specific terms of each grant. There is £34,748 of carried forward pupil premium funding which will be used next term.

Other government grants include LA funding for Special Educational Needs of £34,313, which was fully expended in the year.

Other restricted funds include contributions received for educational visits and non public donations and the related expenditure.

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 inherited in conversion was £2,053,000, and had risen to £3,362,000 at 31 August 2016.

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

# MAGHULL HIGH SCHOOL

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2017

### 16 Funds (Continued)

#### Movements in funds - previous year

	Balance at 1 September 2015 £	Income £	Expenditure £	Gains, losses and transfers £	Balance at 31 August 2016 £
<b>Restricted general funds</b>					
General Annual Grant	17,154	5,408,020	(5,371,278)	(2,711)	51,185
Other DfE / ESFA grants	364,731	236,876	(566,859)	-	34,748
Other government grants	-	40,359	(40,359)	-	-
Other restricted funds	3,713	40,418	(41,614)	-	2,517
	<u>385,598</u>	<u>5,725,673</u>	<u>(6,020,110)</u>	<u>(2,711)</u>	<u>88,450</u>
Funds excluding pensions	385,598	5,725,673	(6,020,110)	(2,711)	88,450
Pension reserve	(2,053,000)	-	(65,000)	(1,244,000)	(3,362,000)
	<u>(1,667,402)</u>	<u>5,725,673</u>	<u>(6,085,110)</u>	<u>(1,246,711)</u>	<u>(3,273,550)</u>
<b>Restricted fixed asset funds</b>					
Transferred on conversion	8,286,600	-	(168,610)	(11,400)	8,106,590
DfE / ESFA capital grants	-	23,412	(5,853)	-	17,559
Capital expenditure from GAG and other funds	232,104	-	(86,478)	14,111	159,737
	<u>8,518,704</u>	<u>23,412</u>	<u>(260,941)</u>	<u>2,711</u>	<u>8,283,886</u>
<b>Total restricted funds</b>	<u>6,851,302</u>	<u>5,749,085</u>	<u>(6,346,051)</u>	<u>(1,244,000)</u>	<u>5,010,336</u>
<b>Unrestricted funds</b>					
General funds	122,808	49,580	(59,214)	-	113,174
	<u>122,808</u>	<u>49,580</u>	<u>(59,214)</u>	<u>-</u>	<u>113,174</u>
<b>Total funds</b>	<u>6,974,110</u>	<u>5,798,665</u>	<u>(6,405,265)</u>	<u>(1,244,000)</u>	<u>5,123,510</u>

### 17 Analysis of net assets between funds

	Unrestricted funds £	Restricted general funds £	Restricted fixed asset funds £	Total 2017 £
<b>Fund balances at 31 August 2017 are represented by:</b>				
Tangible fixed assets	-	-	8,096,698	8,096,698
Current assets	-	187,478	-	187,478
Creditors falling due within one year	-	(245,599)	-	(245,599)
Defined benefit pension liability	-	(2,780,000)	-	(2,780,000)
	<u>-</u>	<u>(2,838,121)</u>	<u>8,096,698</u>	<u>5,258,577</u>

# MAGHULL HIGH SCHOOL

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2017

### 17 Analysis of net assets between funds

(Continued)

	Unrestricted Funds £	Restricted funds: General      Fixed asset £              £		Total 2016 £
<b>Fund balances at 31 August 2016 are represented by:</b>				
Tangible fixed assets	-	-	8,283,886	8,283,886
Current assets	113,174	183,152	-	296,326
Creditors falling due within one year	-	(94,702)	-	(94,702)
Defined benefit pension liability	-	(3,362,000)	-	(3,362,000)
	<u>113,174</u>	<u>(3,273,550)</u>	<u>8,283,886</u>	<u>5,123,510</u>

### 18 Pensions and similar obligations

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

The pension costs are assessed in accordance with the advice of independent qualified actuaries. The latest actuarial valuation of the TPS related to the period ended 31 March 2012, and that of the LGPS related to the period ended 31 March 2016.

There were no outstanding or prepaid contributions at either the beginning or the end of the financial year.

#### 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.

# MAGHULL HIGH SCHOOL

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2017

### 18 Pensions and similar obligations

(Continued)

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 (previously 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 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 the TPS in the period amounted to £465,622 (2016: £422,728).

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

Under the definitions set out in FRS 102, the TPS is 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 the assets held in separate trustee-administered funds. The total contributions are as noted below. The agreed contribution rates for future years are 15% for employers and 5.5 to 8.5% for employees.

In addition, annual deficit contributions of £80,600 are to be paid in 2016/17. Based on the latest actuarial report the deficit contributions will be £83,900 in 2017/18.

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.

Total contributions made	2017 £	2016 £
Employer's contributions (rounded)	183,000	187,000
Employees' contributions (rounded)	42,000	46,000
Total contributions	<u>225,000</u>	<u>233,000</u>

**MAGHULL HIGH SCHOOL**

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

**FOR THE YEAR ENDED 31 AUGUST 2017**

**18 Pensions and similar obligations (Continued)**

<b>Principal actuarial assumptions</b>	<b>2017</b>	<b>2016</b>
	%	%
Rate of increases in salaries	3.7	3.3
Rate of increase for pensions in payment	2.2	1.9
Discount rate	2.4	2.1
Inflation assumption (CPI)	2.2	1.8
	<u>          </u>	<u>          </u>

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

	<b>2017</b>	<b>2016</b>
	Years	Years
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
	<u>          </u>	<u>          </u>

The sensitivity of the scheme liabilities, and therefore the net deficit, at 31 August 2017 to changes in the principal assumptions used to measure scheme liabilities are as follows:

	<b>Central</b>	<b>Sensitivity 1</b>	<b>Sensitivity 2</b>	<b>Sensitivity 3</b>	<b>Sensitivity 4</b>
		<i>+0.1%p.a. discount rate</i>	<i>+0.1%p.a. inflation</i>	<i>+0.1%p.a. pay growth</i>	<i>1 year increase in life expectancy</i>
	£000	£000	£000	£000	£000
Liabilities	5,749	5,635	5,865	5,722	5,857
Assets	(2,969)	(2,969)	(2,969)	(2,969)	(2,969)
Deficit/(surplus)	2,780	2,666	2,896	2,803	2,888
Projected service cost for next year	229	223	236	229	234
Projected net interest cost for next year	64	64	67	65	67

# MAGHULL HIGH SCHOOL

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2017

18 Pensions and similar obligations	(Continued)	
The Academy's share of the assets in the scheme	2017 Fair value £	2016 Fair value £
Equities	1,555,000	1,151,000
Government bonds	101,000	101,000
Other bonds	359,000	259,000
Cash/liquidity	143,000	81,000
Property	238,000	180,000
Other assets	573,000	421,000
Total market value of assets	<u>2,969,000</u>	<u>2,193,000</u>
Actual return on scheme assets - gain/(loss)	<u>640,000</u>	<u>356,000</u>
<b>Amounts recognised in the statement of financial activities</b>	<b>2017</b> <b>£</b>	<b>2016</b> <b>£</b>
Current service cost	230,000	170,000
Interest income	(48,000)	-
Interest cost	115,000	78,000
Administration expenses	3,000	4,000
Total operating charge	<u>300,000</u>	<u>252,000</u>
<b>Changes in the present value of defined benefit obligations</b>	<b>2017</b> <b>£</b>	<b>2016</b> <b>£</b>
Obligations at 1 September 2016	5,555,000	3,863,000
Current service cost	230,000	170,000
Interest cost	115,000	151,000
Employee contributions	42,000	46,000
Actuarial (gain)/loss	(107,000)	1,527,000
Benefits paid	(86,000)	(202,000)
At 31 August 2017	<u>5,749,000</u>	<u>5,555,000</u>

# MAGHULL HIGH SCHOOL

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2017

### 18 Pensions and similar obligations (Continued)

#### Changes in the fair value of the Academy's share of scheme assets

	2017 £	2016 £
Assets at 1 September 2016	2,193,000	1,810,000
Interest income	48,000	73,000
Actuarial gain	592,000	283,000
Employer contributions	183,000	187,000
Employee contributions	42,000	46,000
Benefits paid	(86,000)	(202,000)
Effect of non-routine settlements and administration expenses	(3,000)	(4,000)
At 31 August 2017	<u>2,969,000</u>	<u>2,193,000</u>

### 19 Reconciliation of net expenditure to net cash flows from operating activities

	2017 £	2016 £
Net expenditure for the reporting period	(563,933)	(606,600)
Adjusted for:		
Capital grants from DfE/ESFA and other capital income	(38,924)	(23,412)
Investment income receivable	(302)	(1,315)
Defined benefit pension costs less contributions payable	50,000	(13,000)
Defined benefit pension net finance cost	67,000	78,000
Depreciation of tangible fixed assets	269,914	260,941
Loss on disposal of fixed assets	1,222	-
Decrease in debtors	33,623	205,669
Increase in creditors	150,897	25,113
<b>Net cash used in operating activities</b>	<u>(30,503)</u>	<u>(74,604)</u>

### 20 Commitments under operating leases

At 31 August 2017 the total future minimum lease payments under non-cancellable operating leases were as follows:

	2017 £	2016 £
Amounts due within one year	17,777	14,472
Amounts due in two and five years	14,595	29,067
	<u>32,372</u>	<u>43,539</u>

# MAGHULL HIGH SCHOOL

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2017

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### **21 Related party transactions**

No related party transactions took place in the period of account other than certain Governors' remuneration and expenses already disclosed in note 10.

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