

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 2018**



**MHA Moore & Smalley**  
Trusted Thinking



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## MAGHULL HIGH SCHOOL

### REFERENCE AND ADMINISTRATIVE DETAILS

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#### Members

Mr G Howe  
Mr M Anderson (Resigned 31 August 2018)  
Mr L Nolan (Resigned 5 March 2018)  
Mrs D M Rigby  
Mrs K A Rowlands

#### Governors

Mr G Howe (Chairman)  
Mrs J M Aspinall (Staff Governor)  
Mr M Anderson (Headteacher and Accounting Officer) (Resigned 31 August 2018)  
Mr N Beaumont (Parent Governor) (Resigned 31 January 2018)  
Mr C R Hurst (Staff Governor)  
Mr S Mahon (Community Governor) (Resigned 31 August 2018)  
Mrs C Mawdsley (Parent Governor)  
Ms W Michaels (Parent Governor)  
Mr L Nolan (Community Governor) (Resigned 5 March 2018)  
Mrs D M Rigby (Community Governor)  
Mrs K A Rowlands (Members Governor)  
Mrs D M Thorne (Community Governor)  
Mrs V Garside (Parent Governor)  
Mrs J McDowall (Parent Governor)  
Mrs J Bailey (Staff Governor) (Appointed 25 September 2017)

#### Senior management team

- Headteacher
- Senior Deputy Headteacher and Accounting Officer
- Deputy Headteacher
- Assistant Headteacher
- Assistant Headteacher
- Assistant Headteacher
- Assistant Headteacher
- Director of Resources

Mr Mark Anderson (Resigned 31 August 2018)  
Ms Davina Aspinall  
  
Mr Matthew Kay  
Mrs Marie Bennett  
Mr Gareth Banks  
Mrs Laura Lindley  
Mr David Hughes  
Mrs Valerie Leatherbarrow

#### Company secretary

Mrs V Leatherbarrow

#### 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

<b>Independent auditor</b>	MHA Moore and Smalley Richard House 9 Winckley Square Preston PR1 3HP
<b>Solicitors</b>	Browne Jacobson LLP Mowbray House Castle Meadow Road Nottingham NG2 1BJ

## MAGHULL HIGH SCHOOL

### GOVERNORS' REPORT (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2018

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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 (resigned 31 August 2018)
Senior Deputy Headteacher	Ms Davina Aspinall
Deputy Headteacher	Mr Matthew Kay
Assistant Headteacher	Mrs Marie Bennett
Assistant Headteacher	Mr Gareth Banks
Assistant Headteacher	Mrs Laura Lindley
Assistant Headteacher	Mr David Hughes
Director of Resources	Mrs Valerie Leatherbarrow

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

Maghull High School follows 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.

# MAGHULL HIGH SCHOOL

## GOVERNORS' REPORT (CONTINUED) FOR THE YEAR ENDED 31 AUGUST 2018

### Trade union facility time

#### *Relevant union officials*

Number of employees who were relevant union officials during the relevant period

1

Full-time equivalent employee number

1.00

#### *Percentage of time spent on facility time*

Percentage of time

Number of employees

0%

-

1%-50%

1

51%-99%

-

100%

-

#### *Percentage of pay bill spent on facility time*

Total cost of facility time

2,400

Total pay bill

3,621,099

Percentage of the total pay bill spent on facility time

-

#### *Paid trade union activities*

Time spent on paid trade union activities as a percentage of total paid facility time hours

-

### 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"

#### 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.

Throughout the year the Academy has been exploring the opportunities to join a Multi Academy Trust to rapidly improve pupil outcomes and further enhance the quality of leadership and management at all levels. We believe this would also generate economies of scale when purchasing centralised services. Savings generated will be directed to support teaching and learning.



# MAGHULL HIGH SCHOOL

## GOVERNORS' REPORT

### FOR THE YEAR ENDED 31 AUGUST 2018

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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 2017 to 31 August 2018. 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 2018

A sponsor application was submitted to the Regional Schools Commissioner (RSC) in November 2017. The RSC agreed for Range High School to be our sponsor school in the summer of 2018 with 1 January 2019 as the agreed date for rebrokerage.

### 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.

The Academy has a tradition of working with other local schools and organisations through its memberships of the Maghull and District Community of Schools, Leadership in Multi Academies and Single Academies group and Sefton School Improvement Group to provide a wealth of opportunity for the young people in the local community. Collaborative working is also a strong feature of our links with other secondary schools across Sefton most especially in 2017 – 2018 through school-to-school support with Range High School.

### **Strategic report**

#### **Achievements and performance**

Looking back over 2017 – 2018; perhaps one of the most hectic and demanding years in the history of the school. Not only were staff and students challenged by delivering new content and preparing students for a wide raft of revised courses, with a bigger emphasis on the demands of the final examinations, but we have also enjoyed for much of the year watching our new school building being built right before our very eyes. Once again, Ofsted decided to pay us a visit late into the spring term during the build up to examinations season. Nevertheless, we are immensely proud and delighted with the achievements our students secured over the summer. At Maghull High School we have a talented and committed team of staff that are resolutely dedicated to every pupil to reach his or her full potential.

Over the last 12 months we have continued to experience 'belt tightening' across the school, costs of running a school up and income coming in down, hence staff quite simply having to do more and more for less. Governors wish to pay tribute to our staff who continue to go the extra mile to deliver a quality and enriching educational experience for every one of our pupils.

At A Level, once again the pass rate was high, with the majority of subjects achieving 100% success rates. A high percentage of students secured their places at university.

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\*-C grades or 4+ grades on the new grading system, across the cohort increased to 70%, up on the previous year. By the same measure Attainment 8, Progress 8, disadvantaged pupil progress and very able pupil progress, all improved compared to 2017. Staying on rates into the sixth form continue to remain strong with over 60% of the year group moving into Year 12.

Yet again, results in Engineering, IT, PE, Music and Business Studies were outstanding and we were absolutely delighted for Miss O'Hara, Head of Maths and her team with the big leap forward after much hard work in Mathematics. Special thanks to the work led by Miss Jones, who helped to secure an amazingly positive set of results in Art. We are also very impressed with the number of students who obtained the highest grades in Religious Studies when they are only provided with one lesson each week. Mrs Smith and her team should also be thanked for the excellent improvements made in Physics, Chemistry and Biology.

Performing Arts celebrated another wonderful year on the stage with a variety of music, dance and drama performances over the year. Benefiting from continued support from Sefton Music Service.

## MAGHULL HIGH SCHOOL

### GOVERNORS' REPORT (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2018

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We said goodbye to several colleagues, who we will miss very much. Miss Stanger who could not be persuaded to trade beach life of teaching in Koh Samui and Miss Mercer for canal life, teaching in Croston. We also said a fond farewell to Mr Hains, Mr Mercer, Mrs Hewitt, Mrs Mufiahi, Mr McGeggor and Mr Minns. We thank them for their invaluable contribution over the years and wish them all the very best and much happiness in the next steps in their careers.

We said a fond farewell to Mark Anderson, a tremendous Headteacher, who retired after dedicating 14 years of outstanding service to leading Maghull High School. Mark is a truly inspirational individual who relentlessly and tirelessly put his pupils and staff first always. He leaves us with a legacy of excellence that many of us will continue to enjoy for years to come. He has been an enormous support and champion to so many of us over the years and wish him all the very best in his retirement.

On the sports fields in 2017 – 2018 we saw a wide range of successes. Year 10 boys football team won the Sefton Cup beating Maricourt Catholic High School in the final. In the Sefton Athletics Championships, overall the boys finished second and the girls third. There were a number of winning individual performances across a variety of disciplines. The Year 8 football team reached the last 32 of the ESFA Play Station Cup and Year 9 and Year 10 girls both won the Sefton Rounders Championship. It was brilliant to see Mrs Foley lead out our girls' football team to a successful second season and our netball teams were strong throughout the year. 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 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 for the second year running.

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 through a variety of activities promoted by the Phoenix Centre and across curriculum areas. Our pupils display outstanding attitudes of kindness, tolerance and respect for others.

This academic year is shaping up to be a busy and exciting year for us all. The start of the year sees the arrival of several new staff. A very warm welcome to the school to Mr Birch in English, Mr Fairhurst in science, Miss Foster in Religious Studies, Mr Gee in mathematics, Mr Perkins in geography and Miss Redmond in business studies. We also welcome several SCITT trainee teachers who will be with us for year.

We have enjoyed been watching our exciting multimillion pound investment in our new main school building being built on our school field. It truly is a state of the arts list of new facilities: new arts theatre, dining facilities and kitchen, entirely new music suite, activity studio, library and IT suites, science labs and completely new toilets! This multi-million pound scheme is funded by central government and will be delivered by our appointed contractor Wates Construction and designed by our architects Sheppard Robson. We will soon be packing up and moving into our new home in April 2019 before final demolition of our old building begins.

#### Key Performance Indicators

See Achievements and Performance section.



# MAGHULL HIGH SCHOOL

## GOVERNORS' REPORT (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2018

### Going concern

In common with many schools, we are constantly facing financial challenges. Each year we are experiencing increased costs and lower levels of funding. However, following significant restructuring in 2016/17 cost savings have been achieved resulting in an increase in reserves from a deficit of £58,121 to a surplus of £93,463. 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. The production of a 3 year budget forecast together with strict monthly budget and cash flow monitoring has placed the Academy on a firmer financial footing going forward and supports the Governing Body in its decision to adopt the going concern basis in preparing the accounts.

The Governors are currently in the process of transferring to a Multi Academy Trust (MAT). This is likely to take place within the next twelve month period from the date of the approval of these accounts at which point the assets and liabilities would be transferred to the MAT. There would be no impact of the carrying values of assets and liabilities, as reported in the accounts, and no adjustments would be required to be made in these accounts were they to be drawn up on the basis that the Academy was not a going concern, except for the reclassification of tangible assets and defined benefit pension liabilities as current assets and liabilities respectively. As the services provided by the Academy, and the assets and liabilities used in the provision of these services, will continue to be provided in the same form, either by a stand alone academy or as part of the MAT, the Governors consider that, in order to present a true and fair view, these accounts should be prepared on a going concern basis and therefore no transfers of tangible fixed assets or defined benefit pension liabilities to net current assets have been made.

### Financial review

The Academy's total incoming resources during the year were £4,997,022 (2017: £5,480,109)

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 £4,962,692 (2017: £5,433,578) and further details are provided in Note 4 to the accounts.

Total outgoing resources for the year were £8,737,781 (2017: £6,044,042) which related to the direct provision of educational operations. The net outgoing resources were £3,740,759 (2017: £563,933).

At the period end the Academy's total reserves were £2,101,818 (2017: £5,058,577), including unrestricted funds of £12,403 (2017: nil) and restricted funds of £2,089,415 (2017: 5,258,577). Restricted funds include fixed assets of £4,263,355 (2017: £8,096,698), less the LGPS pensions scheme deficit of £2,255,000 (2017: £2,780,000). The remaining balances on restricted funds relate to funding received in the period which is due to be spent in 2018/19 in accordance with the terms of funding. Further detail is provided in Note 16.

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 £2,255,000 by 31 August 2018, 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 2018/19 is approximately £87,000. 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 2018 all assets shown in the accounts were used exclusively for providing education and associated support services to students of the Academy.

## MAGHULL HIGH SCHOOL

### GOVERNORS' REPORT (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2018

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#### Reserves policy

In common with many schools, Maghull High is facing financial challenges, which make it difficult to build reserves. Following a significant restructuring programme in 2016/17 cost savings have been made which have resulted in free reserves increasing from a deficit of £58,121 to a surplus of £93,463. The Governors are continuing to monitor the level of reserves and will aim to increase reserves as circumstances allow.

#### 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 rigorous internal financial controls together with requirements for monthly monitoring and reporting, strategies which are managed and reviewed on a regular basis.

The academy has performed well this year with improved achievement outcomes across the majority of subjects at both GCSE and Level 3 in the Sixth Form. We have a robust School Improvement Plan that clearly outlines success criteria and actions. We are resolutely determined to rapidly 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 2018 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.

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

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.

#### 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.



## **MAGHULL HIGH SCHOOL**

### **GOVERNORS' REPORT (CONTINUED)**

**FOR THE YEAR ENDED 31 AUGUST 2018**

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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 is 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.

MHA Moore and Smalley 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.

#### **Fundraising**

The school receives the majority of its income via a revenue grant from the Education Funding and Skills Agency. The trustees are aware that they have overall responsibility and accountability for all forms of fundraising. They make sure that it reflects the values of the academy, protects its reputation and encourages public trust and confidence.

Trustees ensure that any commercial or professional fundraisers it may work with follow the standards it sets for its own operation. They are mindful that any fundraising must conform to the standards recognised by the Charities Commission. All fundraising must conform to the monitoring regime applied to all other academy operations. At all times the public is protected from overly intrusive or persistent approach. Complaints should be addressed to the Headteacher or the Chair of Governors but there has been none during the year.

## MAGHULL HIGH SCHOOL

### GOVERNORS' REPORT (CONTINUED) FOR THE YEAR ENDED 31 AUGUST 2018

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#### Plans for future periods

The School Improvement Plan for the Academy is available via Maghull High School's website. Priorities for the coming year are published in relation to: Ofsted key action, of building on best practice in the school; quality of teaching, learning and assessment; pupil well-being and ensuring pupils are well prepared for their next steps. Our principal objective will be to continue to be to accelerate the progress made by our students throughout their time at Maghull High School.

We are delighted that the rebuild of the main school building commenced in March 2017, work is on schedule for a completion date of April 2019 and demolition of the old building to be completed by November 2019. The new build will be a two storey freestanding 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 Governors are currently in the process of transferring to a multi academy trust. Further details on this are provided on page 8.

#### 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 12.12.18, and signed on its behalf by:



Mr G Howe  
Chairman



# MAGHULL HIGH SCHOOL

## GOVERNANCE STATEMENT

FOR THE YEAR ENDED 31 AUGUST 2018

### 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 5 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)	5	5
Mrs J M Aspinall (Staff Governor)	3	5
Mr M Anderson (Headteacher and Accounting Officer) (Resigned 31 August 2018)	4	5
Mr N Beaumont (Parent Governor) (Resigned 31 January 2018)	0	5
Mr C R Hurst (Staff Governor)	4	5
Mr S Mahon (Community Governor) (Resigned 31 August 2018)	1	5
Mrs C Mawdsley (Parent Governor)	0	5
Ms W Michaels (Parent Governor)	0	5
Mr L Nolan (Community Governor) (Resigned 5 March 2018)	3	5
Mrs D M Rigby (Community Governor)	5	5
Mrs K A Rowlands (Members Governor)	4	5
Mrs D M Thorne (Community Governor)	5	5
Mrs V Garside (Parent Governor)	4	5
Mrs J McDowall (Parent Governor)	5	5
Mrs J Bailey (Staff Governor) (Appointed 25 September 2017)	2	5

The Headteacher resigned his position as Headteacher on the 31 August 2018. No Headteacher is currently on the Board which is not in line with the ESFA recommendation on the composition of trustees for academies. However, the position has not been filled due to the imminent action to join Range High School as a Multi Academy Trust.

A skills audit took place that identified the range of skills and experience of existing Governors and care is taken to ensure that new Governors have appropriate skills and experience to enhance the Governing Body.

### 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 2018**

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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:

- 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 2017 to 31 August 2018 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 MHA Moore and Smalley, 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

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 2017/18 accounting period three Responsible Officers reports were prepared. Management responses to the reports were prepared and the recommendations have implemented.



## MAGHULL HIGH SCHOOL

### GOVERNANCE STATEMENT (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2018

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#### 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 ...12/12/18... and signed on its behalf by:



**Ms D Aspinall**  
**Senior Deputy Headteacher and**  
**Accounting Officer**

## MAGHULL HIGH SCHOOL

### STATEMENT OF REGULARITY, PROPRIETY AND COMPLIANCE FOR THE YEAR ENDED 31 AUGUST 2018

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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 & Skills Funding Agency (ESFA) of material irregularity, impropriety and non-compliance with terms and conditions of all funding received by the academy trust, 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 2017.

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 2017.

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.

Accounting Officer

12/12/18.....

D. Aspinall

# MAGHULL HIGH SCHOOL

## STATEMENT OF GOVERNORS' RESPONSIBILITIES FOR THE YEAR ENDED 31 AUGUST 2018

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 & 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 2017 to 2018;
- 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 members of the Governing Body on ...12.12.18... and signed on its behalf by:



Mr G Howe  
Chairman



## **MAGHULL HIGH SCHOOL**

### **INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF MAGHULL HIGH SCHOOL FOR THE YEAR ENDED 31 AUGUST 2018**

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#### **Opinion**

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

In our opinion the accounts:

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

#### **Basis for opinion**

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the 'Auditor's responsibilities for the audit of the accounts' section of our report. We are independent of the Academy 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) FOR THE YEAR ENDED 31 AUGUST 2018

### Opinions on other matters prescribed by the Companies Act 2006

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

- the information given in the 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 accounts

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

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

## MAGHULL HIGH SCHOOL

### INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF MAGHULL HIGH SCHOOL (CONTINUED) FOR THE YEAR ENDED 31 AUGUST 2018

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#### Use of our report

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



**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

19 December 2018

## **MAGHULL HIGH SCHOOL**

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

**FOR THE YEAR ENDED 31 AUGUST 2018**

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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 & Skills Funding Agency (ESFA) as included in the Academies Accounts Direction 2017 to 2018, we have carried out an engagement to obtain limited assurance about whether the expenditure disbursed and income received by Maghull High School during the period 1 September 2017 to 31 August 2018 have been applied to the purposes identified by Parliament and the financial transactions conform to the authorities which govern them.

This report is made solely to 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 the 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 2017, for ensuring that expenditure disbursed and income received is applied for the purposes intended by Parliament and the financial transactions conform to the authorities which govern them.

Our responsibilities for this engagement are established in the United Kingdom by our profession's ethical guidance, and are to obtain limited assurance and report in accordance with our engagement letter and the requirements of the Academies Accounts Direction 2017 to 2018. We report to you whether anything has come to our attention in carrying out our work which suggests that in all material respects, expenditure disbursed and income received during the period 1 September 2017 to 31 August 2018 have not been applied to purposes intended by Parliament or that the financial transactions do not conform to the authorities which govern them.

#### **Approach**

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

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

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

Our engagement includes examination, on a test basis, of evidence relevant to the regularity and propriety of the Academy'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 & SKILLS FUNDING AGENCY (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2018

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#### Conclusion

In the course of our work, except for the matters listed below, nothing has come to our attention which suggests that in all material respects the expenditure disbursed and income received during the period 1 September 2017 to 31 August 2018 has not been applied to purposes intended by Parliament and the financial transactions do not conform to the authorities which govern them.

MHA Moore & Smalley

Reporting Accountant  
MHA Moore and Smalley

19 December 2018

# MAGHULL HIGH SCHOOL

## STATEMENT OF FINANCIAL ACTIVITIES INCLUDING INCOME AND EXPENDITURE ACCOUNT FOR THE YEAR ENDED 31 AUGUST 2018

		Unrestricted funds	Restricted general funds	Restricted fixed asset funds	Total 2018	Total 2017
	Notes	£	£	£	£	£
<b>Income and endowments from:</b>						
Donations and capital grants	3	-	418	24,406	24,824	41,512
Charitable activities:						
- Funding for educational operations	4	5,514	4,957,178	-	4,962,692	5,433,578
Other trading activities	5	9,335	-	-	9,335	4,717
Investments	6	171	-	-	171	302
<b>Total income and endowments</b>		<u>15,020</u>	<u>4,957,596</u>	<u>24,406</u>	<u>4,997,022</u>	<u>5,480,109</u>
<b>Expenditure on:</b>						
Charitable activities:						
- Educational operations	8	2,617	4,898,071	3,837,093	8,737,781	6,044,042
<b>Total expenditure</b>	7	<u>2,617</u>	<u>4,898,071</u>	<u>3,837,093</u>	<u>8,737,781</u>	<u>6,044,042</u>
<b>Net income/(expenditure)</b>		12,403	59,525	(3,812,687)	(3,740,759)	(563,933)
Transfers between funds		-	20,656	(20,656)	-	-
<b>Other recognised gains and losses</b>						
Actuarial gains on defined benefit pension schemes	18	-	584,000	-	584,000	699,000
<b>Net movement in funds</b>		12,403	664,181	(3,833,343)	(3,156,759)	135,067
<b>Reconciliation of funds</b>						
Total funds brought forward		-	(2,838,121)	8,096,698	5,258,577	5,123,510
<b>Total funds carried forward</b>	16	<u>12,403</u>	<u>(2,173,940)</u>	<u>4,263,355</u>	<u>2,101,818</u>	<u>5,258,577</u>

# MAGHULL HIGH SCHOOL

## BALANCE SHEET

AS AT 31 AUGUST 2018

	Notes	2018		2017	
		£	£	£	£
<b>Fixed assets</b>					
Tangible assets	12		4,263,355		8,096,698
<b>Current assets</b>					
Debtors	13	104,475		130,105	
Cash at bank and in hand		143,258		57,373	
		<u>247,733</u>		<u>187,478</u>	
<b>Current liabilities</b>					
Creditors: amounts falling due within one year	14	(154,270)		(245,599)	
<b>Net current liabilities</b>			93,463		(58,121)
<b>Net assets excluding pension liability</b>			<u>4,356,818</u>		<u>8,038,577</u>
Defined benefit pension scheme liability	18	(2,255,000)		(2,780,000)	
<b>Net assets</b>			<u><u>2,101,818</u></u>		<u><u>5,258,577</u></u>
<b>Funds of the Academy:</b>					
<b>Restricted funds</b>	16				
- Fixed asset funds			4,263,355		8,096,698
- Restricted income funds			81,060		(58,121)
- Pension reserve			(2,255,000)		(2,780,000)
<b>Total restricted funds</b>			<u>2,089,415</u>		<u>5,258,577</u>
<b>Unrestricted income funds</b>	16		12,403		-
<b>Total funds</b>			<u><u>2,101,818</u></u>		<u><u>5,258,577</u></u>

The accounts on pages 22 to 46 were approved by the Governors and authorised for issue on 12/12/18, and are signed on their behalf by:



Mr G Howe  
Chairman

Company Number 07767222



# MAGHULL HIGH SCHOOL

## STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED 31 AUGUST 2018

	Notes	2018 £	2017 £
<b>Cash flows from operating activities</b>			
Net cash provided by (used in) operating activities	19	65,058	(30,503)
<b>Cash flows from investing activities</b>			
Dividends, interest and rents from investments		171	302
Capital grants from DfE and ESFA		20,656	21,924
Capital funding from sponsors and others		3,750	17,000
Payments to acquire tangible fixed assets		(3,750)	(84,148)
Proceeds from sales of tangible fixed assets		-	200
		<u>20,827</u>	<u>(44,722)</u>
<b>Change in cash and cash equivalents in the reporting period</b>		<b>85,885</b>	<b>(75,225)</b>
Cash and cash equivalents at 1 September 2017		57,373	132,598
<b>Cash and cash equivalents at 31 August 2018</b>		<b><u>143,258</u></b>	<b><u>57,373</u></b>

# MAGHULL HIGH SCHOOL

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 AUGUST 2018

---

### 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 2017 to 2018 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.

The Governors are currently in the process of transferring to a Multi Academy Trust (MAT). This is likely to take place within the next twelve month period from the date of the approval of these accounts at which point the assets and liabilities would be transferred to the MAT. There would be no impact of the carrying values of assets and liabilities, as reported in the accounts, and no adjustments would be required to be made in these accounts were they to be drawn up on the basis that the Academy was not a going concern, except for the reclassification of tangible assets and defined benefit pension liabilities as current assets and liabilities respectively. As the services provided by the academy, and the assets and liabilities used in the provision of these services, will continue to be provided in the same form, either by a stand alone Academy or as part of the MAT, the Governors consider that, in order to present a true and fair view, these accounts should be prepared on a going concern basis and therefore no transfers of tangible fixed assets or defined benefit pension liabilities to net current assets have been made.

#### 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

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 2018

### 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 2018

### 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.

#### 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 and reclassified to freehold or leasehold land and buildings.

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.

#### 1.7 Leased assets

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

# MAGHULL HIGH SCHOOL

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2018

### 1 Accounting policies

(Continued)

#### 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 projected unit method. The TPS is an unfunded multi-employer scheme with no underlying assets to assign between employers. Consequently, the TPS is treated as a defined contribution scheme for accounting purposes and the contributions are recognised in the period to which they relate.

The LGPS is a funded multi-employer 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.

# MAGHULL HIGH SCHOOL

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2018

### 1 Accounting policies

(Continued)

#### 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 2018

### 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 2018. Any differences between the figures derived from the roll forward approach and a full actuarial valuation would impact on the carrying amount of the pension liability.

#### 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 2018

### 3 Donations and capital grants

	Unrestricted funds £	Restricted funds £	Total 2018 £	Total 2017 £
Donated fixed assets	-	-	-	17,000
Capital grants	-	20,656	20,656	21,924
Other donations	-	4,168	4,168	2,588
	<u>-</u>	<u>24,824</u>	<u>24,824</u>	<u>41,512</u>

The income from donations and capital grants was £24,824 (2017: £41,512) of which £418 was restricted (2017: £2,588) and £24,406 was restricted fixed assets (2017: £38,924).

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

	Unrestricted funds £	Restricted funds £	Total 2018 £	Total 2017 £
<b>DfE / ESFA grants</b>				
General annual grant (GAG)	-	4,619,388	4,619,388	5,013,282
Other DfE / ESFA grants	-	227,576	227,576	241,024
	<u>-</u>	<u>4,846,964</u>	<u>4,846,964</u>	<u>5,254,306</u>
<b>Other government grants</b>				
Local authority grants	-	77,236	77,236	63,542
	<u>-</u>	<u>77,236</u>	<u>77,236</u>	<u>63,542</u>
<b>Other funds</b>				
Other incoming resources	5,514	32,978	38,492	115,730
	<u>5,514</u>	<u>32,978</u>	<u>38,492</u>	<u>115,730</u>
<b>Total funding</b>	<u>5,514</u>	<u>4,957,178</u>	<u>4,962,692</u>	<u>5,433,578</u>

The income from funding for educational operations was £4,962,692 (2017: £5,433,578) of which £5,514 was unrestricted (2017: £39,975) and £4,957,178 was restricted (2017: £5,393,603).

### 5 Other trading activities

	Unrestricted funds £	Restricted funds £	Total 2018 £	Total 2017 £
Hire of facilities	9,335	-	9,335	4,717
	<u>9,335</u>	<u>-</u>	<u>9,335</u>	<u>4,717</u>

The income from other trading activities was £9,335 (2017: £4,717) of which £9,335 was unrestricted (2017: £4,717).

# MAGHULL HIGH SCHOOL

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 AUGUST 2018

### 6 Investment income

	Unrestricted funds £	Restricted funds £	Total 2018 £	Total 2017 £
Short term deposits	171	-	171	302

The income from funding for investment income was £171 (2017: £302) of which £171 was unrestricted (2017: £302).

### 7 Expenditure

	Staff costs £	Non Pay Expenditure Premises £	Other £	Total 2018 £	Total 2017 £
Academy's educational operations					
- Direct costs	3,315,427	70,568	450,609	3,836,604	4,643,933
- Allocated support costs	544,588	4,183,956	172,633	4,901,177	1,400,109
	<u>3,860,015</u>	<u>4,254,524</u>	<u>623,242</u>	<u>8,737,781</u>	<u>6,044,042</u>

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

	2018 £	2017 £
Fees payable to auditor for:		
- Audit	8,650	8,200
- Other services	3,980	1,855
- Internal control audit	1,600	2,250
Operating lease rentals	17,777	17,777
Depreciation of tangible fixed assets	249,268	269,914
Impairment of tangible fixed assets	3,587,825	-
Loss on disposal of fixed assets	-	1,222
Net interest on defined benefit pension liability	63,000	67,000

### 8 Charitable activities

	Unrestricted funds £	Restricted funds £	Total 2018 £	Total 2017 £
Direct costs				
Educational operations	2,302	3,834,302	3,836,604	4,643,933
Support costs				
Educational operations	315	4,900,862	4,901,177	1,400,109
	<u>2,617</u>	<u>8,735,164</u>	<u>8,737,781</u>	<u>6,044,042</u>

The expenditure on educational operations was £8,737,781 (2017: £6,044,042) of which £2,617 was unrestricted (2017: £42,889), £4,898,071 was restricted (2017: £5,730,017) and £3,837,093 was restricted fixed assets (2017: £271,136).



# MAGHULL HIGH SCHOOL

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 AUGUST 2018

8 Charitable activities		(Continued)	
	2018	2017	
	£	£	
<b>Analysis of support costs</b>			
Support staff costs	544,588	722,974	
Depreciation	3,766,525	174,847	
Premises costs	387,784	340,555	
Other support costs	188,050	148,078	
Governance costs	14,230	13,655	
	<u>4,901,177</u>	<u>1,400,109</u>	
<b>9 Staff</b>			
<b>Staff costs</b>			
Staff costs during the year were:			
	2018	2017	
	£	£	
Wages and salaries	2,866,815	3,307,346	
Social security costs	281,372	318,572	
Pension costs	653,847	740,573	
	<u>3,802,034</u>	<u>4,366,491</u>	
Staff costs	3,802,034	4,366,491	
Agency staff costs	46,903	128,165	
Staff restructuring costs	11,078	74,910	
	<u>3,860,015</u>	<u>4,569,566</u>	
Staff restructuring costs comprise:			
Redundancy payments	-	74,910	
Other restructuring costs	11,078	-	
	<u>11,078</u>	<u>74,910</u>	

# MAGHULL HIGH SCHOOL

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 AUGUST 2018

### 9 Staff

(Continued)

#### Staff numbers

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

	2018 Number	2017 Number
Teachers	47	56
Administration and support	30	47
Management	8	10
	<u>85</u>	<u>113</u>

#### Higher paid staff

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

	2018 Number	2017 Number
£110,001 - £120,000	1	1
£80,001 - £90,000	1	1
£70,001 - £80,000	1	2

All of the above employees participated in the Teacher's Pension Scheme. Pension contributions paid on behalf of these employees were £38,978 (2017: £49,101)

#### 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 £621,481 (2017: £650,629).

## MAGHULL HIGH SCHOOL

### NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2018

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#### 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 - Resigned 31 August 2018):

Remuneration £95,000 - £100,000 (2017: £95,000 - £100,000)

Employer's pension contributions £15,000 - £20,000 (2017: £15,000 - £20,000)

C Hurst (Staff):

Remuneration £40,000 - £45,000 (2017: £40,000 - £45,000)

Employer's pension contributions £5,000 - £10,000 (2017: £5,000 - £10,000)

J Aspinall (Staff):

Remuneration £45,000 - £50,000 (2017: £45,000 - £50,000)

Employer's pension contributions £5,000 - £10,000 (2017: £5,000 - £10,000)

J Currie (Staff - Resigned 31 May 2017):

Remuneration £nil (2017: £5,000 - £10,000)

Employer's pension contributions £nil (2017: £nil - £5,000)

During the year ended 31 August 2018 no travel and subsistence expenses were reimbursed or paid directly to the Governors (2017: £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 2018

### 12 Tangible fixed assets

	Leasehold land and buildings £	Computer equipment £	Fixtures, fittings & equipment £	Motor vehicles £	Total £
<b>Cost</b>					
At 1 September 2017	8,853,000	416,205	108,259	-	9,377,464
Additions	-	-	-	3,750	3,750
At 31 August 2018	8,853,000	416,205	108,259	3,750	9,381,214
<b>Depreciation</b>					
At 1 September 2017	937,822	301,851	41,093	-	1,280,766
Charge for the year	162,971	70,568	15,540	189	249,268
Impairment	3,587,825	-	-	-	3,587,825
At 31 August 2018	4,688,618	372,419	56,633	189	5,117,859
<b>Net book value</b>					
At 31 August 2018	4,164,382	43,786	51,626	3,561	4,263,355
At 31 August 2017	7,915,178	114,354	67,166	-	8,096,698

A new building is being built under the ESFA's Priority Schools Building Programme 2 and is expected to be completed in April 2019. Once it is complete part of the old building will be demolished. The building that is being demolished therefore has 8 months remaining useful life at the 31 August 2018 so has been impaired.

### 13 Debtors

	2018 £	2017 £
Trade debtors	13,085	20,600
VAT recoverable	15,797	14,432
Prepayments and accrued income	75,593	95,073
	<u>104,475</u>	<u>130,105</u>

# MAGHULL HIGH SCHOOL

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 AUGUST 2018

14 Creditors: amounts falling due within one year	2018 £	2017 £
Trade creditors	864	(1,096)
Other taxation and social security	79,397	82,678
Other creditors	19,142	91,932
Accruals and deferred income	54,867	72,085
	<u>154,270</u>	<u>245,599</u>

The academy distributes 16-19 bursary funds to students as an agent for ESFA. In the accounting period ending 31 August 2018 the academy received £22,326 (2017: £31,896) and disbursed £28,886 (2017: £18,275) from the fund. An amount of £19,142 (2017: £25,702) is included in other creditors relating to undistributed funds that is repayable to ESFA.

15 Deferred income	2018 £	2017 £
Deferred income is included within:		
Creditors due within one year	<u>11,963</u>	<u>-</u>
Deferred income at 1 September 2017	-	-
Resources deferred in the year	<u>11,963</u>	<u>-</u>
<b>Deferred income at 31 August 2018</b>	<u><b>11,963</b></u>	<u><b>-</b></u>

# MAGHULL HIGH SCHOOL

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 AUGUST 2018

### 16 Funds

	Balance at 1 September 2017 £	Income £	Expenditure £	Gains, losses and transfers £	Balance at 31 August 2018 £
<b>Restricted general funds</b>					
General Annual Grant (GAG)	(93,181)	4,619,388	(4,465,803)	20,656	81,060
Other DfE / ESFA grants	35,060	227,576	(262,636)	-	-
Other government grants	-	77,236	(77,236)	-	-
Other restricted funds	-	33,396	(33,396)	-	-
Pension reserve	(2,780,000)	-	(59,000)	584,000	(2,255,000)
	<u>(2,838,121)</u>	<u>4,957,596</u>	<u>(4,898,071)</u>	<u>604,656</u>	<u>(2,173,940)</u>
<b>Restricted fixed asset funds</b>					
Transfer on conversion	7,937,979	-	(3,756,496)	-	4,181,483
DfE group capital grants	-	20,656	-	(20,656)	-
Capital expenditure from GAG	142,852	-	(77,012)	-	65,840
Private sector capital sponsorship	15,867	3,750	(3,585)	-	16,032
	<u>8,096,698</u>	<u>24,406</u>	<u>(3,837,093)</u>	<u>(20,656)</u>	<u>4,263,355</u>
<b>Total restricted funds</b>	<u>5,258,577</u>	<u>4,982,002</u>	<u>(8,735,164)</u>	<u>584,000</u>	<u>2,089,415</u>
<b>Unrestricted funds</b>					
General funds	-	15,020	(2,617)	-	12,403
<b>Total funds</b>	<u>5,258,577</u>	<u>4,997,022</u>	<u>(8,737,781)</u>	<u>584,000</u>	<u>2,101,818</u>



## MAGHULL HIGH SCHOOL

### NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2018

#### 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 carried forward pupil premium funding which will be used next term.

Other government grants include LA funding for Special Educational Needs, 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 £2,780,000 at 31 August 2018.

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 2018

### 16 Funds

(Continued)

Comparative information in respect of the preceding period is as follows:

	Balance at 1 September 2016 £	Income £	Expenditure £	Gains, losses and transfers £	Balance at 31 August 2017 £
<b>Restricted general funds</b>					
General Annual Grant (GAG)	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)	-	-
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>					
Transfer on conversion	8,106,590	-	(168,611)	-	7,937,979
DfE group capital grants	17,559	21,924	-	(39,483)	-
Capital expenditure from GAG	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 2018

### 16 Funds

(Continued)

A current year 12 months and prior year 12 months combined position is as follows:

	Balance at 1 September 2016 £	Income £	Expenditure £	Gains, losses and transfers £	Balance at 31 August 2018 £
<b>Restricted general funds</b>					
General Annual Grant (GAG)	51,185	9,632,670	(9,693,706)	90,911	81,060
Other DfE / ESFA grants	34,748	468,600	(503,348)	-	-
Other government grants	-	140,778	(140,778)	-	-
Other restricted funds	2,517	111,739	(114,256)	-	-
Pension reserve	(3,362,000)	-	(176,000)	1,283,000	(2,255,000)
	<u>(3,273,550)</u>	<u>10,353,787</u>	<u>(10,628,088)</u>	<u>1,373,911</u>	<u>(2,173,940)</u>
<b>Restricted fixed asset funds</b>					
Transfer on conversion	8,106,590	-	(3,925,107)	-	4,181,483
DfE group capital grants	17,559	42,580	-	(60,139)	-
Capital expenditure from GAG	159,737	-	(178,404)	84,507	65,840
Private sector capital sponsorship	-	20,750	(4,718)	-	16,032
	<u>8,283,886</u>	<u>63,330</u>	<u>(4,108,229)</u>	<u>24,368</u>	<u>4,263,355</u>
<b>Total restricted funds</b>	<u>5,010,336</u>	<u>10,417,117</u>	<u>(14,736,317)</u>	<u>1,398,279</u>	<u>2,089,415</u>
<b>Unrestricted funds</b>					
General funds	<u>113,174</u>	<u>60,014</u>	<u>(45,506)</u>	<u>(115,279)</u>	<u>12,403</u>
<b>Total funds</b>	<u>5,123,510</u>	<u>10,477,131</u>	<u>(14,781,823)</u>	<u>1,283,000</u>	<u>2,101,818</u>

### 17 Analysis of net assets between funds

	Unrestricted Funds £	Restricted funds: General £	Fixed asset £	Total Funds £
<b>Fund balances at 31 August 2018 are represented by:</b>				
Tangible fixed assets	-	-	4,263,355	4,263,355
Current assets	12,403	235,330	-	247,733
Creditors falling due within one year	-	(154,270)	-	(154,270)
Defined benefit pension liability	-	(2,255,000)	-	(2,255,000)
<b>Total net assets</b>	<u>12,403</u>	<u>(2,173,940)</u>	<u>4,263,355</u>	<u>2,101,818</u>



# MAGHULL HIGH SCHOOL

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 AUGUST 2018

### 17 Analysis of net assets between funds

(Continued)

	Unrestricted Funds £	Restricted funds: General £	Fixed asset £	Total Funds £
<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)
<b>Total net assets</b>	-	(2,838,121)	8,096,698	5,258,577

### 18 Pension and similar obligations

The Academy's employees belong to two principal pension schemes: the Teachers' Pension Scheme England and Wales (TPS) for academic and related staff; and the Local Government Pension Scheme (LGPS) for non-teaching staff, which is managed by Merseyside 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' 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 2018

#### 18 Pension 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)
- 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%

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 £338,554 (2017: £465,622).

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 an unfunded multi-employer pension scheme. The Academy has accounted for its contributions to the scheme as if it were a defined contribution scheme. The Academy 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 15.3% for employers and 6% for employees.

In addition, annual deficit contributions of £87,000 are to be paid in 2018/19.

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	2018 £	2017 £
Employer's contributions	184,000	183,000
Employees' contributions	32,000	42,000
Total contributions	216,000	225,000

# MAGHULL HIGH SCHOOL

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 AUGUST 2018

### 18 Pension and similar obligations

(Continued)

Principal actuarial assumptions	2018 %	2017 %
Rate of increase in salaries	3.6	3.7
Rate of increase for pensions in payment/inflation	2.2	2.2
Discount rate for scheme liabilities	2.8	2.4
Inflation assumption (CPI)	2.1	2.2

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

	2018 Years	2017 Years
Retiring today		
- Males	22.0	21.9
- Females	24.8	24.7
Retiring in 20 years		
- Males	25.0	24.9
- Females	27.8	27.7

Scheme liabilities would have been affected by changes in assumptions as follows:

	2018 £	2017 £
Discount rate + 0.1%	(108,000)	(114,000)
Mortality assumption + 1 year	102,000	108,000
Inflation rate +0.1%	110,000	116,000
Pay growth + 0.1%	20,000	23,000

#### The Academy's share of the assets in the scheme

	2018 Fair value £	2017 Fair value £
Equities	1,860,000	1,555,000
Government bonds	108,000	101,000
Other bonds	377,000	359,000
Cash/liquidity	99,000	143,000
Property	290,000	238,000
Other assets	657,000	573,000
Total market value of assets	3,191,000	2,969,000

The actual return on scheme assets was £172,000 (2017: £640,000).



# MAGHULL HIGH SCHOOL

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2018

### 18 Pension and similar obligations

(Continued)

Amount recognised in the Statement of Financial Activities	2018 £	2017 £
Current service cost	177,000	230,000
Interest income	(72,000)	(48,000)
Interest cost	135,000	115,000
Administration expenses	3,000	3,000
Total operating charge	243,000	300,000
Changes in the present value of defined benefit obligations	2018 £	2017 £
At 1 September 2017	5,749,000	5,555,000
Current service cost	177,000	230,000
Interest cost	135,000	115,000
Employee contributions	32,000	42,000
Actuarial gain	(484,000)	(107,000)
Benefits paid	(163,000)	(86,000)
At 31 August 2018	5,446,000	5,749,000
Changes in the fair value of the Academy's share of scheme assets	2018 £	2017 £
At 1 September 2017	2,969,000	2,193,000
Interest income	72,000	48,000
Actuarial gain	100,000	592,000
Employer contributions	184,000	183,000
Employee contributions	32,000	42,000
Benefits paid	(163,000)	(86,000)
Administrative expenses	(3,000)	(3,000)
At 31 August 2018	3,191,000	2,969,000

# MAGHULL HIGH SCHOOL

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 AUGUST 2018

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

	2018 £	2017 £
Net expenditure for the reporting period (as per the Statement of Financial Activities)	(3,740,759)	(563,933)
Adjusted for:		
Capital grants from DfE/ESFA and other capital income	(24,408)	(38,924)
Investment income receivable	(171)	(302)
Defined benefit pension costs less contributions payable	(4,000)	50,000
Defined benefit pension net finance cost	63,000	67,000
Depreciation of tangible fixed assets	249,268	269,914
Impairment of tangible fixed assets	3,587,825	-
Loss on disposal of fixed assets	-	1,222
Decrease in debtors	25,630	33,623
(Decrease)/increase in creditors	(91,329)	150,897
<b>Net cash provided by/(used in) operating activities</b>	<b>65,058</b>	<b>(30,503)</b>

### 20 Commitments under operating leases

At 31 August 2018 the total of the Academy's future minimum lease payments under non-cancellable operating leases was:

	2018 £	2017 £
Amounts due within one year	13,980	17,777
Amounts due in two and five years	-	14,595
	<u>13,980</u>	<u>32,372</u>

### 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.