

Company Registration No. 07697158 (England and Wales)

WEST KIRBY GRAMMAR SCHOOL
(A COMPANY LIMITED BY GUARANTEE)
ANNUAL REPORT AND ACCOUNTS
FOR THE YEAR ENDED 31 AUGUST 2019

WEST KIRBY GRAMMAR SCHOOL

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WEST KIRBY GRAMMAR SCHOOL

REFERENCE AND ADMINISTRATIVE DETAILS

Trustees/members

Ms S McClennon (Chair)
Mr J Akehurst (Resigned 27 March 2019)
Mr N Attwood (Appointed 27 March 2019)
Mrs R Beech (Appointed 23 May 2019)
Mr M Berry
Mrs S Bevan
Mrs L Broadbere
Mrs E Davidson
Mrs D Favager
Mrs R Kehoe (Resigned 3 December 2018)
Mr N Ledingham
Mr A Milne
Mr S Rampton (Resigned 23 May 2019)
Mrs E Sargent (Accounting Officer)
Mr M Simmons
Mrs S Talbot
Dr A Waller
Mrs S Wallis
Ms D Williamson (Appointed 3 December 2018)
Mr J Young

Senior management team

- Headteacher	Mrs E Sargent
- Deputy Headteacher	Mr S Clarke
- Senior Assistant Headteacher	Mrs J L Morrison
- Assistant Headteacher	Mrs K Cliffe
- Assistant Headteacher	Mr M Thomas
- Business Manager	Mrs N McDonald

Company secretary

Mrs N McDonald

Company registration number

07697158 (England and Wales)

Principal and registered office

Graham Road
West Kirby
Wirral
Merseyside
CH48 5DP

WEST KIRBY GRAMMAR SCHOOL

REFERENCE AND ADMINISTRATIVE DETAILS

Independent auditor	Mitchell Charlesworth LLP 3rd Floor 5 Temple Square Temple Street Liverpool Merseyside L2 5RH
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Bankers	Lloyds Bank plc 137 Telegraph Road Heswall Wirral Merseyside CH60 0AN
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Solicitors	SAS Daniels LLP 30 Greek Street Stockport Cheshire SK3 8AD
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WEST KIRBY GRAMMAR SCHOOL

TRUSTEES' REPORT

FOR THE YEAR ENDED 31 AUGUST 2019

The trustees present their annual report together with the accounts and auditor's report of the charitable company for the year 1 September 2018 to 31 August 2019. The annual report serves the purposes of both a trustees' report, and a directors' report under company law.

The academy trust operates an academy for pupils aged 11 to 18 serving a catchment area in Wirral and North Wales. It has a pupil capacity of 1,250 and had a roll of 1,230 in the school census October 2019.

Structure, governance and management

Constitution

The academy trust is a company limited by guarantee and an exempt charity. The charitable company's memorandum and articles of association are the primary governing documents of the academy trust herewith referred to as West Kirby Grammar School (WKGS).

The trustees of West Kirby Grammar School are also the directors of the charitable company for the purposes of company law. Details of the trustees who served during the year, and to the date these accounts are approved, 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.

Trustees' indemnities

In accordance with normal commercial practice, the academy has purchased insurance to protect trustees, local governors and officers from claims arising due to negligent acts, errors or omissions occurring on school business.

Method of recruitment and appointment or election of trustees

There are currently 17 governors representing various local stakeholders, six elected parent governors from the prevailing parent body, three elected staff governors, seven appointed governors (reflecting the skills required of a modern academy as determined by the other governors) and the Headteacher.

Policies and procedures adopted for the induction and training of trustees

Governors undertake an induction programme in line with the school's induction policy for governors including meetings with the Chair of Governors and the Headteacher.

Governors are encouraged to attend the training sessions provided by the Local Authority.

WEST KIRBY GRAMMAR SCHOOL

TRUSTEES' REPORT (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2019

Principal activities

The principal activity of West Kirby Grammar School is to provide an outstanding education for all its students whatever their age, ability or social and economic background by maintaining, operating and developing the school and ensuring a broad curriculum and enhancement opportunities are available to challenge, support and motivate students. In setting the school's objectives and planning its activities, Governors have given careful consideration to the Charity Commission's general guidance on public benefit.

Admission to this single sex (girls) school is by selection at 11 which is co-ordinated by the Local Authority. Priority admission is given to 'Looked After' children, those with siblings at the school and those who live within the local area.

Applications for places are made in accordance with Wirral's co-ordinated admissions arrangements and the school's Admission Policy. Boys are admitted to the Sixth Form, along with girls who have met the admissions requirements.

The school works to promote a safe and healthy environment in which all students can develop their fullest potential academically, socially and personally and as a result achieve well.

Organisational structure

The organisational structure consists of three levels - the Academy Trust Board (the trustees/governors - all governors are trustees), the Governing body and the Senior Management Team.

The Academy Trust Board (the trustees/governors) is responsible for those statutory duties which may not be delegated to the Governing Body.

The key purposes of the Governing Body are:

- monitoring standards to ensure that teaching and learning is first class
- monitoring the school's financial and academic performance
- developing the strategic policies which reflect the school's vision and ethos
- promoting the school and fostering links with the local community
- ensuring the school functions effectively as a learning community upholding British values

In fulfilling the above purposes, the Governing Body discharges the following responsibilities -

- develop and review the School's Development Plan
- review and monitor the School's financial position on a regular basis and consider any significant contractual matters
- monitor the educational performance of the school in line with outcomes and success criteria
- approve and review the implementation and effectiveness of key operational policies
- monitor the effectiveness of staffing policies including performance management and pay reviews
- participate in marketing and communication with parents and the local and wider communities
- monitor the effective management of the School's site and building
- maintain an overview of the School's risk management procedures
- ensure safeguarding policies, including the Prevent strategy, are upheld

The Senior Management team consists of the Headteacher, one Deputy Headteacher, three Assistant Headteachers and the School's Business Manager. These leaders, manage the school at an executive level implementing the policies laid down by the Governing Body.

WEST KIRBY GRAMMAR SCHOOL

TRUSTEES' REPORT (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2019

Arrangements for setting pay and remuneration of key management personnel

'Key management personnel' is a term used by FRS 102 for those persons having authority and responsibility for planning, directing and controlling the activities of a reporting entity, directly or indirectly, including any director (whether executive or otherwise). This definition for WKGS includes the Headteacher, Deputy Headteacher, three Assistant Headteachers and the School Business Manager. These staff are the senior management personnel to whom the trustees have delegated significant authority or responsibility in the day-to-day running of the academy trust. The setting of pay and remuneration of key personnel is managed by Governors who follow statutory guidance and the School's Pay Policy. This task is delegated to an appointed committee of three Governors who carry out the Headteacher's formal appraisal annually. Decisions are then taken to the Full Governing Body to be ratified.

Trade union facility time

Relevant union officials

Number of employees who were relevant union officials during the relevant period	4
Full-time equivalent employee number	4.00

Percentage of time spent on facility time

Percentage of time	Number of employees
0%	4
1%-50%	-
51%-99%	-
100%	-

Percentage of pay bill spent on facility time

Total cost of facility time	-
Total pay bill	4,691,000
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	-
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Facility time does take place, but outside of school hours.

Related parties and other connected charities and organisations

The Governing Body works with Wirral Local Authority, the DfE, the ESFA, local primary and secondary schools. Through the Ogden Trust it works with the Queens School Chester, Woodchurch High School, Weatherhead School, Neston High School and Upton School. The school is a member of the Grammar School Heads' Association.

WEST KIRBY GRAMMAR SCHOOL

TRUSTEES' REPORT (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2019

Objectives and activities

At West Kirby Grammar School, it is our responsibility to support all students to achieve their potential academically, socially and personally. Our key aims are:

- To ensure that each student is at the centre of all that we do, and to encourage them to develop as thinking, creative and resilient individuals, with a thirst for knowledge and an excitement about the endless possibilities open to them.
- To celebrate the work and achievements of all staff and students, encouraging excellence, effort and citizenship in our supportive community.
- To encourage and assist all students to maximise their potential, ensuring that they feel happy and safe in our vibrant environment, enabling them to achieve, explore, and overcome failure.
- To prepare students for life beyond school, by providing a wealth of opportunities, encouraging them to be thoughtful, confident individuals, able to apply themselves to any situation.
- To ensure that teaching and learning is outstanding, innovative and creative, across the curriculum, where teachers keep abreast of educational pedagogy using the best of new ideas to enhance teaching practice.
- To use the latest technologies to give access to the best teaching and learning resources for all teachers and students and to ensure that the site and resources are continually developed to support first class teaching and learning.
- To be a self-reviewing and reflective school, constantly striving to improve, never complacent and always developing.
- To build upon the productive relationships that we have with parents, carers, other educational establishments, business and the wider community, communicating effectively to enhance the work and life of the School.

In the year the Governors have continued to monitor the work and progress of the school by:

- regularly receiving information on financial performance against the approved budget
- review of the planned initiatives as outlined in the School Development Plan (2018-19) for maintaining and improving the academic provision and achievement of the school and its students
- receiving regular updates on key aspects of school life:
 - Health & Safety
 - Curriculum
 - Finance
 - Staffing

WEST KIRBY GRAMMAR SCHOOL

TRUSTEES' REPORT (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2019

Our aims for the forthcoming year:

- Ensure the highest achievement possible for all and that targets are met (Whole School, Departmental and Individual)
- To improve progress in the Sixth Form
- To focus on SEND provision in the School to maximise the progress of all students
- To ensure the gap in progress of SEND/disadvantaged students and their peers remains closed
- Enable all students to be resilient and able to think creatively, problem solve and bounce back when there are difficulties
- Foster a culture of happiness and success for all
- Reward effort, achievement and acknowledge hard work
- Further develop individual learning pathways for students and increase awareness of the diverse range of future opportunities e.g. university, apprenticeships, job opportunities, travel
- To have a renewed focus on teaching and learning in order to reduce in-school variation
- To improve staff wellbeing and give staff, students and parents the understanding, skills and tools to support and promote resilience and wellbeing

How will we achieve these aims?

- Personalised learning pathways - tutorial sessions to monitor and guide
- Make students aware of transferable skills between curriculum areas - build on skills across school (especially literacy and numeracy)
- Introduce further bespoke packages where needed e.g. Pupil Premium, Gifted and Talented, underachieving students - (role for Form Tutors is crucial in this)
- There are clear expectations, rules and procedures. Students will be taken to task if they do not follow guidance given
- Increase professional dialogue in and between curriculum areas, sharing best practise and new ideas
- Student voice growing and they are encouraged to take more ownership of specific developments within the school
- Lessons are more varied and more interactive-departments share ideas and opportunities provided for teachers to learn from each other
- Students take more ownership and responsibility for their work and achievements - rewards process enhanced and improved
- Different staff and students given opportunities for leadership roles
- Further building a pastoral programme that is meaningful, reflective and promotes the best of British values

WEST KIRBY GRAMMAR SCHOOL

TRUSTEES' REPORT (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2019

Public benefit

The trustees have complied with their duty to have due regard to the guidance on public benefit issued by the Charity Commission in exercising their powers and duties. The main activities of the school which constitute the entity as a public benefit is the provision of education.

Strategic report

Achievements and performance

The year covered by these financial statements reflects the sixth year for West Kirby Grammar School as an academy. The following paragraphs present a review of the significant achievements during the year in pursuit of furthering its charitable purposes for public benefit.

Systems since converting to an academy are now embedded and working successfully. The finance team, senior management and teachers are all ensuring that high standards of governance are maintained.

The school has once again excelled academically with a Progress 8 score of 0.76 at GCSE representing significantly above average rates of progress from Year 7 to 11. At A-level, the L3VA score was -0.12 and 70% of grades were A*-B, and 87% A*-C.

Key performance indicators

The Academy will sustain appropriate staffing levels to deliver a broad and balanced curriculum that meets the interests and aspirations of its students. The Academy will sustain strong performance in external examinations and will provide a physical environment that is safe and secure for all.

The external examination results in 2019 were excellent

- 99% of students achieved a Standard Pass in English and Maths with 93% achieving a Strong Pass
- 22% of girls achieved 10 or more A*/A grades
- 70% of Advanced level results were graded A*/A/B
- 36% of all Advanced level results were awarded A - A.

Going concern

After making appropriate enquiries, the board of trustees has a reasonable expectation that the Academy Trust has adequate resources to continue in operational existence for the foreseeable future. For this reason the board of trustees continues to adopt the going concern basis in preparing the financial statements. Further details regarding the adoption of the going concern basis can be found in the statement of accounting policies. The budget for the 2019/20 financial year has been set and agreed by Governors and is expected to give rise to a slight surplus for the year.

WEST KIRBY GRAMMAR SCHOOL

TRUSTEES' REPORT (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2019

Financial review

The financial position of the school is detailed in the following pages.

Most of the school's income is obtained from the ESFA in the form of recurrent and capital grants, the use of which is restricted to particular purposes. The grants received during the year and the associated expenditure are shown as restricted funds in the Statement of Financial Activities.

The school was successful in its bid to the ESFA Condition Improvement Fund and secured funding of £441k for science laboratories. £6k of this funding was a salix loan to be repaid over 8 years. The school agreed to fund part of the cost of the roofing project from its own reserves (£71k).

In accordance with the Charities Statement of Recommended Practice, 'Accounting and Reporting by Charities (SORP 2015)', such grants are shown in the Statement of Financial Activities as restricted income in the fixed asset fund. The restricted fixed asset fund balance is reduced by annual depreciation over the expected useful life of the assets concerned.

Recurrent grants of £5,467k (2018: £5,535) were received from the GAG funding from ESFA. Expenditure covered by these grants amounted to £5,467k (2018: £5,535k). This grant and expenditure is shown in the restricted general fund in the Statement of Financial Activities. Unrestricted income and expenditure in the year amounted to £59k (2018: £52k) and £nil (2018: £nil) respectively.

At 31 August 2019 the net book value of fixed assets was £11,404k (2017: £11,040k) and movements in fixed assets are shown in Note 12 to the financial statements. The cost of fixed asset additions in the year amounted to £717k of which £19k was for works to the land and buildings, £611k assets under construction, £76k computer equipment and £11k was for fixtures, fittings and equipment.

Financial and risk management objectives and policies

The objective of the Academy's Risk Management procedure is to identify the principal risks facing the academy so that existing controls may be considered and further action taken if required, including external insurance.

The Board of Trustees has a comprehensive risk management process to identify and monitor the risks faced by the Academy.

The financial risks considered include: economic/ financial uncertainty, liquidity and solvency, credit risk, the risk of fraud and compliance with financial/ statutory requirements.

Reserves policy

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

It is Governors' policy to build up unrestricted reserves which can be used for future education purposes in line with the academy's development plan.

The school's pension liability is £2,224k with sufficient assets to cover this figure.

The Board of Trustees reviews the Academy's Reserve Policy annually as part of the Financial Procedures manual review. In addition the appropriate level of working capital should be a minimum of £400,000 to cover one month's staff costs.

WEST KIRBY GRAMMAR SCHOOL

TRUSTEES' REPORT (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2019

Investment policy

Due to the nature of funding, the Academy may at times hold cash balances surplus to its short term requirements. The Governors have authorised the opening of additional short term bank investment accounts to take advantage of higher interest rates.

Governors are committed to ensuring that all funds under their control are managed in such a way as to maximise return whilst minimising risk. Day to day management of the surplus funds is delegated to the Business & Premises Manager under approvals by the Governing Body.

Principal risks and uncertainties

Governors are responsible for the management of the risks to which the school is exposed and are assisted in this task by the Senior Management Group, the school's Health & Safety Officer, Health & Safety representatives from the Local Authority and Human Resources advisors from SAS Daniels LLP and the Local Authority. It has also sought professional advice and support from the Zurich Insurance Group. Operational risks are identified and assessed at school level and these are reviewed by Governors.

The key controls used by Governors include:

- detailed terms of reference for all committees
- formal agendas for all meetings and committee meetings of the Governing Body. Minutes of full Governing Body and committee meetings are reviewed by Governors
- schemes of delegation and formal financial regulations for staff
- formal written policies
- formal review of targets and progress reports clear authorisation and approved levels
- policies and procedures by law to protect the vulnerable.

Risk management procedures have been reviewed during the year and Governors are satisfied that the major risks identified have been reviewed and processes have been established to manage those risks where necessary.

Pupil numbers and forecast numbers are consistent. Sixth Form numbers have been maintained in 2018-19 and are relatively consistent. Admission numbers are annually reviewed and actions are implemented to maintain and extend recruitment out of area.

The completion of a comprehensive risk register is an on-going project.

Fundraising

The school's students undertake numerous fundraising events for various charities. The two school charities for 2018/19 were NSPCC and Maggie's Centres.

Plans for future periods

The school's plan for future years is to continue to work towards the aims and objectives on page 6 and 7.

WEST KIRBY GRAMMAR SCHOOL

TRUSTEES' REPORT (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2019

Auditor

In so far as the trustees are aware:

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

A resolution proposing that Mitchell Charlesworth LLP be reappointed as auditor of the charitable company will be put to the members.

The trustees' report, incorporating a strategic report, was approved by order of the board of trustees, as the company directors, on 02 December 2019 and signed on its behalf by:



Ms S McClennon

Chair

WEST KIRBY GRAMMAR SCHOOL

GOVERNANCE STATEMENT

FOR THE YEAR ENDED 31 AUGUST 2019

Scope of responsibility

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

The board of trustees has delegated the day-to-day responsibility to the headteacher, as accounting officer, for ensuring financial controls conform with the requirements of both propriety and good financial management and in accordance with the requirements and responsibilities assigned to it in the funding agreement between West Kirby Grammar School and the Secretary of State for Education. They are also responsible for reporting to the board of trustees any material weaknesses or breakdowns in internal control.

Governance

The information on governance included here supplements that described in the Trustees' Report and in the Statement of Trustees' Responsibilities. The board of trustees has formally met four times during the year. Given the structure of sub-committees in place, the trustees are satisfied that the number of full board meetings is sufficient to discharge their responsibilities. Attendance during the year at meetings of the board of trustees was as follows:

Trustees	Meetings attended	Out of possible
Ms S McClennon (Chair)	4	4
Mr J Akehurst (Resigned 27 March 2019)	3	3
Mr N Attwood (Appointed 27 March 2019)	1	1
Mrs R Beech (Appointed 23 May 2019)	1	1
Mr M Berry	3	4
Mrs S Bevan	4	4
Mrs L Broadbere	3	4
Mrs E Davidson	4	4
Mrs D Favager	4	4
Mrs R Kehoe (Resigned 3 December 2018)	2	2
Mr N Ledingham	4	4
Mr A Milne	3	4
Mr S Rampton (Resigned 23 May 2019)	0	3
Mrs E Sargent (Accounting Officer)	4	4
Mr M Simmons	3	4
Mrs S Talbot	3	4
Dr A Waller	4	4
Mrs S Wallis	3	4
Ms D Williamson (Appointed 3 December 2018)	3	3
Mr J Young	4	4

The board of trustees spread its workload by delegating certain functions to committees whose constitution and membership are agreed annually by the board of trustees. Committees are chaired by trustees and have a member of the senior leadership team attached. They meet before full board meetings, or as and when required, to prioritise and focus upon tasks in their areas of Curriculum, Health & Safety/Premises, Pay & Salaries, Staffing, Audit and Finance. Committee meetings have minutes taken to report to the trustees and identify key decisions which have been ratified by the full board of trustees.

WEST KIRBY GRAMMAR SCHOOL

GOVERNANCE STATEMENT (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2019

The Chair leads a self-evaluation review of governance on an annual basis with the trustees and this last took place in September 2018. This review impacts upon the composition and constitution of committees to the board in addition to informing the board of skills required in future governors.

The finance committee is a sub-committee of the main board of trustees. Its purpose is to monitor the financial administration of the school to ensure efficient and effective use of funds in accordance with current regulations by discussion, review and challenge at its meetings.

Attendance at meetings in the year was as follows:

Trustees	Meetings attended	Out of possible
Ms S McClennon (Chair)	3	3
Mr M Berry	3	3
Mrs E Davidson	3	3
Mr N Ledingham	3	3
Mr M Simmons	2	3
Dr A Waller	3	3

The audit committee is an advisory body with no executive powers. However, it is authorised by the Governing Body to investigate any activity within its terms of reference, and to seek any information it requires from staff, who are requested to co-operate with the Committee in the conduct of its inquiries. Requests for work, and reports received, from the Internal Auditor will be channelled through the Business Manager.

Attendance at meetings in the year was as follows:

Trustees	Meetings attended	Out of possible
Ms S McClennon (Chair)	1	1
Mr N Ledingham	1	1
Mr A Milne	1	1
Mr S Rampton (Resigned 23 May 2019)	1	1

Review of value for money

As accounting officer the headteacher has responsibility for ensuring that the academy trust delivers good value in the use of public resources. The accounting officer understands that value for money refers to the educational and wider societal outcomes achieved in return for the taxpayer resources received.

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

WEST KIRBY GRAMMAR SCHOOL

GOVERNANCE STATEMENT (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2019

Results significantly above national average: In 2018-19 results were as follows:

A level

- The pass rate A*-E was 99.5%
- 70% of the grades awarded were graded A* - B
- 36% of all results were awarded A*-A

GCSE:

- 99.5% of students achieved a Standard Pass in English and 99.5% achieved this in Maths (previous A* - C grade)
- 35 girls achieved 10 or more GCSE at grades 9-7 (previous A*/A grades)
- Students with English as an Additional Language achieved 1.6 grades higher than their national expectation

Again another impressive year with some outstanding achievements. A review of all results is undertaken with Department Improvement Plans and School Improvement Plans setting targets for the following year.

Targeted Improvement

Targeted groups of students are being supported to achieve their potential. These are pupil premium, SEN, LAC and G&T. Improvement of progress in the Sixth Form is a key whole school priority.

Financial Governance & Oversight

This includes:-

- Monitoring the work of the Business Manager and the work of the external auditor
- Regular reviews by the Finance Committee check expenditure, capital works, forecasts and so on.
- Delegation of authority for separate duties
- Risk management
- Better purchasing - a review of contracts, leases, etc to ensure value for money
- A clear and comprehensive tendering process
- Scrutiny- Mitchell Charlesworth LLP have been appointed as external auditors
- Review of reserves in the light on budget constraints and the investment of balances
- Curriculum Review

The school reviews the curriculum annually to ensure breadth and balance. Individual learning pathways are supported to ensure students have the opportunity to follow their ambitions in the next phase of their lives.

New A level and GCSE syllabi have been implemented along with continuing to implement Assessment Without Levels.

WEST KIRBY GRAMMAR SCHOOL

GOVERNANCE STATEMENT (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2019

The purpose of the system of internal control

The system of internal control is designed to manage risk to a reasonable level rather than to eliminate all risk of failure to achieve policies, aims and objectives. It can therefore only provide reasonable and not absolute assurance of effectiveness. The system of internal control is based on an on-going process designed to identify and prioritise the risks to the achievement of academy trust policies, aims and objectives, to evaluate the likelihood of those risks being realised and the impact should they be realised, and to manage them efficiently, effectively and economically. The system of internal control has been in place in West Kirby Grammar School for the period 1 September 2018 to 31 August 2019 and up to the date of approval of the annual report and accounts.

Capacity to handle risk

The board of trustees has reviewed the key risks to which the academy trust is exposed together with the operating, financial and compliance controls that have been implemented to mitigate those risks. The board of trustees is of the view that there is a formal ongoing process for identifying, evaluating and managing the academy trust's significant risks that has been in place for the period 1 September 2018 to 31 August 2019 and up to the date of approval of the annual report and accounts. This process is regularly reviewed by the board of trustees.

The risk and control framework

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

- comprehensive budgeting and monitoring systems with an annual budget and periodic financial reports which are reviewed and agreed by the board of trustees;
- regular reviews by the finance committee of reports which indicate financial performance against the forecasts and of major purchase plans, capital works and expenditure programmes;
- setting targets to measure financial and other performance;
- clearly defined purchasing (asset purchase or capital investment) guidelines;
- delegation of authority and segregation of duties;
- identification and management of risks.

The board of trustees has considered the need for a specific internal audit function and has decided not to appoint an internal auditor. However the trustees have appointed Mitchell Charlesworth LLP, the external auditor, to perform additional checks in accordance with the guidance in the Academies Financial Handbook in support of the Responsible Officer. The audit consisted of a high-level compliance review of the key controls in place in relation to the School's finance function. The consistent application of key controls across the School's main financial processes provides on-going assurance over the financial management of the organisation. The governors have appointed Mr A Milne, a governor, as Responsible Officer ('RO'). The RO's role in line with the ESFA's requirement included giving advice on financial matters and performing a range of checks on the school's financial systems. On an annual basis the RO reports to the Governing Body on the operation of the systems of control and on the discharge of the Governing Body's financial responsibilities. In particular the key control areas tested in the current period included;

- Income and debtors
- General ledger
- Payroll
- Policy and procedures
- Fixed assets
- Expenditure
- Expense claims

On an annual basis, the reviewer reports to the audit committee on the operation of the systems of control and on the discharge of the board of trustees financial responsibilities.

WEST KIRBY GRAMMAR SCHOOL

GOVERNANCE STATEMENT (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2019

Review of effectiveness

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

- the work of Mitchell Charlesworth LLP in support of the Responsible Officer;
- the work of the external auditor;
- the financial management and governance self-assessment process;
- the work of the executive managers within the academy trust who have responsibility for the development and maintenance of the internal control framework.

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

Approved by order of the board of trustees on 02 December 2019 and signed on its behalf by:



Ms S McClennon
Chair



Mrs E Sargent
Accounting Officer

WEST KIRBY GRAMMAR SCHOOL

STATEMENT OF REGULARITY, PROPRIETY AND COMPLIANCE

FOR THE YEAR ENDED 31 AUGUST 2019

As accounting officer of West Kirby Grammar School I have considered my responsibility to notify the academy trust board of trustees 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 trust and the Secretary of State for Education. As part of my consideration I have had due regard to the requirements of the Academies Financial Handbook 2018.

I confirm that I and the academy trust's board of trustees are able to identify any material irregular or improper use of funds by the academy trust, or material non-compliance with the terms and conditions of funding under the academy trust's funding agreement and the Academies Financial Handbook 2018.

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



Mrs E Sargent
Accounting Officer

02 December 2019

WEST KIRBY GRAMMAR SCHOOL

STATEMENT OF TRUSTEES' RESPONSIBILITIES

FOR THE YEAR ENDED 31 AUGUST 2019

The trustees (who are also the directors of West Kirby Grammar School for the purposes of company law) are responsible for preparing the trustees' report and the accounts in accordance with the Academies Accounts Direction 2018 to 2019 published 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 trustees to prepare accounts for each financial year. Under company law, the trustees 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 trustees 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 2018 to 2019;
- 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 trustees are responsible for keeping adequate accounting records that are sufficient to show and explain the charitable company's transactions and disclose with reasonable accuracy at any time the financial position of the charitable company and enable them to ensure that the 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 trustees are responsible for ensuring that in its conduct and operation the charitable company applies financial and other controls, which conform with the requirements both of propriety and of good financial management. They are also responsible for ensuring that grants received from ESFA/DfE have been applied for the purposes intended.

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

Approved by order of the members of the board of trustees on 02 December 2019 and signed on its behalf by:



Ms S McClennon
Chair

WEST KIRBY GRAMMAR SCHOOL

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF WEST KIRBY GRAMMAR SCHOOL FOR THE YEAR ENDED 31 AUGUST 2019

Opinion

We have audited the accounts of West Kirby Grammar School for the year ended 31 August 2019 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 2018 to 2019 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 2019 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 2018 to 2019.

Basis for opinion

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

Conclusions relating to going concern

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

- the trustees' use of the going concern basis of accounting in the preparation of the accounts is not appropriate; or
- the trustees have not disclosed in the accounts any identified material uncertainties that may cast significant doubt about the academy trust's ability to continue to adopt the going concern basis of accounting for a period of at least twelve months from the date when the accounts are authorised for issue.

Other information

The trustees are responsible for the other information, which comprises the information included in the annual report other than the accounts and our auditor's report thereon. 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.

WEST KIRBY GRAMMAR SCHOOL

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF WEST KIRBY GRAMMAR SCHOOL (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2019

Opinions on other matters prescribed by the Companies Act 2006

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

- the information given in the trustees' report including the incorporated strategic report for the financial year for which the accounts are prepared is consistent with the accounts; and
- the trustees' report including the incorporated strategic report have been prepared in accordance with applicable legal requirements.

Matters on which we are required to report by exception

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

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

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

Responsibilities of trustees

As explained more fully in the statement of trustees' responsibilities, the trustees are responsible for the preparation of the accounts and for being satisfied that they give a true and fair view, and for such internal control as the trustees determine is necessary to enable the preparation of accounts that are free from material misstatement, whether due to fraud or error.

In preparing the accounts, the trustees are responsible for assessing the academy trust's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the trustees either intend to liquidate the charitable company, or have no realistic alternative but to do so.

Auditor's responsibilities for the audit of the accounts

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

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

WEST KIRBY GRAMMAR SCHOOL

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF WEST KIRBY GRAMMAR SCHOOL (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2019

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.



Philip Griffiths (Senior Statutory Auditor)
for and on behalf of Mitchell Charlesworth LLP

10 December 2019

Chartered Accountants
Statutory Auditor

3rd Floor
5 Temple Square
Temple Street
Liverpool
Merseyside
L2 5RH

WEST KIRBY GRAMMAR SCHOOL

INDEPENDENT REPORTING ACCOUNTANT'S ASSURANCE REPORT ON REGULARITY TO WEST KIRBY GRAMMAR SCHOOL AND THE EDUCATION & SKILLS FUNDING AGENCY

FOR THE YEAR ENDED 31 AUGUST 2019

In accordance with the terms of our engagement letter dated 26 September 2019 and further to the requirements of the Education & Skills Funding Agency (ESFA) as included in the Academies Accounts Direction 2018 to 2019, we have carried out an engagement to obtain limited assurance about whether the expenditure disbursed and income received by West Kirby Grammar School during the period 1 September 2018 to 31 August 2019 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 West Kirby Grammar School and ESFA in accordance with the terms of our engagement letter. Our work has been undertaken so that we might state to the West Kirby Grammar 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 West Kirby Grammar School and ESFA, for our work, for this report, or for the conclusion we have formed.

Respective responsibilities of West Kirby Grammar School's accounting officer and the reporting accountant

The accounting officer is responsible, under the requirements of West Kirby Grammar School's funding agreement with the Secretary of State for Education dated 11 March 2013 and the Academies Financial Handbook, extant from 1 September 2018, 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 2018 to 2019. 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 2018 to 31 August 2019 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 2018 to 2019 issued by ESFA. We performed a limited assurance engagement as defined in our engagement letter.

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

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

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

The work undertaken to draw to our conclusion includes:

- Reviewing the activities to ensure they are in keeping with the charitable objectives and framework.
- Reviewing declarations of interest and seeking further representations.
- Reviewing the control environment and considering potential weaknesses.
- Reviewing minutes of various committees, management accounts and holding discussions with key personnel.

WEST KIRBY GRAMMAR SCHOOL

INDEPENDENT REPORTING ACCOUNTANT'S ASSURANCE REPORT ON REGULARITY TO WEST KIRBY GRAMMAR SCHOOL AND THE EDUCATION & SKILLS FUNDING AGENCY (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2019

Conclusion

In the course of our work, nothing has come to our attention which suggests that in all material respects the expenditure disbursed and income received during the period 1 September 2018 to 31 August 2019 has not been applied to purposes intended by Parliament and the financial transactions do not conform to the authorities which govern them.



Reporting Accountant

Mitchell Charlesworth LLP
3rd Floor
5 Temple Square
Temple Street
Liverpool
Merseyside
L2 5RH

Dated: 10 December 2019

WEST KIRBY GRAMMAR SCHOOL

STATEMENT OF FINANCIAL ACTIVITIES INCLUDING INCOME AND EXPENDITURE ACCOUNT

FOR THE YEAR ENDED 31 AUGUST 2019

	Notes	Unrestricted Funds £'000	General £'000	Restricted funds: Fixed asset £'000	Total 2019 £'000	Total 2018 £'000
Income and endowments from:						
Donations and capital grants	3	-	-	534	534	453
Charitable activities:						
- Funding for educational operations	4	23	5,657	-	5,680	5,893
Other trading activities	5	31	-	-	31	21
Investments	6	5	-	-	5	5
Total		<u>59</u>	<u>5,657</u>	<u>534</u>	<u>6,250</u>	<u>6,372</u>
Expenditure on:						
Charitable activities:						
- Educational operations	8	-	5,705	352	6,057	6,058
Total	7	<u>-</u>	<u>5,705</u>	<u>352</u>	<u>6,057</u>	<u>6,058</u>
Net income/(expenditure)		59	(48)	182	193	314
Transfers between funds	17	-	24	(24)	-	-
Other recognised gains/(losses)						
Actuarial (losses)/gains on defined benefit pension schemes	19	-	(698)	-	(698)	347
Net movement in funds		59	(722)	158	(505)	661
Reconciliation of funds						
Total funds brought forward		605	(1,241)	11,316	10,680	10,019
Total funds carried forward		<u>664</u>	<u>(1,963)</u>	<u>11,474</u>	<u>10,175</u>	<u>10,680</u>

WEST KIRBY GRAMMAR SCHOOL

STATEMENT OF FINANCIAL ACTIVITIES (CONTINUED) INCLUDING INCOME AND EXPENDITURE ACCOUNT

FOR THE YEAR ENDED 31 AUGUST 2019

Comparative year information		Unrestricted	Restricted funds:		Total
Year ended 31 August 2018		Funds	General	Fixed asset	2018
	Notes	£'000	£'000	£'000	£'000
Income and endowments from:					
Donations and capital grants	3	-	-	453	453
Charitable activities:					
- Funding for educational operations	4	26	5,867	-	5,893
Other trading activities	5	21	-	-	21
Investments	6	5	-	-	5
Total		<u>52</u>	<u>5,867</u>	<u>453</u>	<u>6,372</u>
Expenditure on:					
Charitable activities:					
- Educational operations	8	-	5,712	346	6,058
Total	7	<u>-</u>	<u>5,712</u>	<u>346</u>	<u>6,058</u>
Net income		52	155	107	314
Transfers between funds	17	-	(221)	221	-
Other recognised gains/(losses)					
Actuarial gains on defined benefit pension schemes	19	-	347	-	347
Net movement in funds		<u>52</u>	<u>281</u>	<u>328</u>	<u>661</u>
Reconciliation of funds					
Total funds brought forward		553	(1,522)	10,988	10,019
Total funds carried forward		<u>605</u>	<u>(1,241)</u>	<u>11,316</u>	<u>10,680</u>

WEST KIRBY GRAMMAR SCHOOL

BALANCE SHEET

AS AT 31 AUGUST 2019

		2019		2018	
	Notes	£'000	£'000	£'000	£'000
Fixed assets					
Tangible assets	12		11,404		11,040
Current assets					
Debtors	13	413		380	
Cash at bank and in hand		1,257		1,306	
		<u>1,670</u>		<u>1,686</u>	
Current liabilities					
Creditors: amounts falling due within one year	14	(675)		(661)	
Net current assets			995		1,025
Total assets less current liabilities			<u>12,399</u>		<u>12,065</u>
Creditors: amounts falling due after more than one year	15		-		(5)
Net assets before defined benefit pension scheme liability			<u>12,399</u>		<u>12,060</u>
Defined benefit pension scheme liability	19		(2,224)		(1,380)
Total net assets			<u>10,175</u>		<u>10,680</u>
Funds of the academy trust:					
Restricted funds	17				
- Fixed asset funds			11,474		11,316
- Restricted income funds			261		139
- Pension reserve			(2,224)		(1,380)
Total restricted funds			<u>9,511</u>		<u>10,075</u>
Unrestricted income funds	17		664		605
Total funds			<u>10,175</u>		<u>10,680</u>

The accounts on pages 24 to 46 were approved by the trustees and authorised for issue on 02 December 2019 and are signed on their behalf by:



Ms S McClennon
Chair

Company Number 07697158

WEST KIRBY GRAMMAR SCHOOL

STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED 31 AUGUST 2019

		2019		2018	
	Notes	£'000	£'000	£'000	£'000
Cash flows from operating activities					
Net cash provided by operating activities	20		110		318
Cash flows from investing activities					
Dividends, interest and rents from investments		5		5	
Capital grants from DfE Group		553		258	
Purchase of tangible fixed assets		(717)		(412)	
Net cash used in investing activities			(159)		(149)
Net (decrease)/increase in cash and cash equivalents in the reporting period			(49)		169
Cash and cash equivalents at beginning of the year			1,306		1,137
Cash and cash equivalents at end of the year			1,257		1,306

WEST KIRBY GRAMMAR SCHOOL

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 AUGUST 2019

1 Accounting policies

West Kirby Grammar School is a charitable company. The address of its principal place of business is given on page 1 and the nature of its operations are set out in the trustees' report.

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 trust, which is a public benefit entity under FRS 102, have been prepared under the historical cost convention in accordance with the Financial Reporting Standard Applicable in the UK and Republic of Ireland (FRS 102), the Accounting and Reporting by Charities: Statement of Recommended Practice applicable to charities preparing their accounts in accordance with the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS 102) (Charities SORP (FRS 102)), the Academies Accounts Direction 2018 to 2019 issued by ESFA, the Charities Act 2011 and the Companies Act 2006.

West Kirby Grammar School meets the definition of a public benefit entity under FRS 102.

The financial statements are presented in sterling which is also the functional currency of the academy trust.

Monetary amounts in these financial statements are rounded to the nearest whole £1,000, except where otherwise indicated.

1.2 Going concern

The trustees assess whether the use of going concern is appropriate i.e. whether there are any material uncertainties related to events or conditions that may cast significant doubt on the ability of the charitable company to continue as a going concern. The trustees make this assessment in respect of a period of at least one year from the date of authorisation for issue of the accounts and have concluded that the academy trust has adequate resources to continue in operational existence for the foreseeable future and there are no material uncertainties about the academy trust's ability to continue as a going concern. Thus they continue to adopt the going concern basis of accounting in preparing the accounts.

At the balance sheet date the Academy had net assets of £10.1m after providing for long term pension scheme commitments of £2,224k in respect of the support staff defined benefit pension scheme and had net current assets of £996k.

The trustees have reviewed and approved budgets and cashflow forecasts for 2019/20 and future years and consider in the light of this review that it is appropriate to prepare the financial statements on a going concern basis.

1.3 Income

All incoming resources are recognised when the academy trust 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 meeting any performance-related conditions there is not unconditional entitlement to the income and its recognition is deferred and included in creditors as deferred income until the performance-related conditions are met. Where entitlement occurs before income is received, the income is accrued.

WEST KIRBY GRAMMAR SCHOOL

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2019

1 Accounting policies

(Continued)

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.

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 trust has provided the goods or services.

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.

Charitable activities

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

1.5 Tangible fixed assets and depreciation

Assets costing £2,500 or more are capitalised as tangible fixed assets and are carried at cost, net of depreciation and any provision for impairment.

Where tangible fixed assets have been acquired with the aid of specific grants, either from the government or from the private sector, they are included in the balance sheet at cost and depreciated over their expected useful economic life. Where there are specific conditions attached to the funding that require the continued use of the asset, 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 the relevant assets is charged directly to the restricted fixed asset fund in the statement of financial activities. Where tangible fixed assets have been acquired with unrestricted funds, depreciation on such assets is charged to the unrestricted fund.

WEST KIRBY GRAMMAR SCHOOL

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2019

1 Accounting policies

(Continued)

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/reducing balance] basis over its expected useful life, as follows:

Freehold land and buildings	Nil depreciation on land, 2% straight line on buildings
Assets under construction	Not depreciated
Computer equipment / IT infrastructure	4% - 50% straight line
Fixtures, fittings & equipment	20% - 50% 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 trust anticipates it will pay to settle the debt or the amount it has received as advanced payments for the goods or services it must provide.

1.7 Leased assets

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

1.8 Financial instruments

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

Financial assets

Financial assets and financial liabilities are recognised when the academy becomes a party to the contractual provisions of the instrument.

Financial liabilities

Financial liabilities are classified according to the substance of the financial instrument's contractual obligations, rather than the financial instrument's legal form.

All financial assets and liabilities are initially measured at transaction price (including transaction costs), unless the arrangement constitutes a financing transaction. A financial asset or financial liability that is payable or receivable in one year is measured at the undiscounted amount expected to be received or paid net of impairment, unless it is a financing transaction. If an arrangement constitutes a financing transaction, the financial asset or financial liability is measured at the present value of the future payments discounted at a market rate of interest for a similar debt instrument.

Financial assets and financial liabilities are offset only when there is a current legally enforceable right to set off the recognised amounts and the intention to either settle on a net basis, or to realise the asset and settle the liability simultaneously.

WEST KIRBY GRAMMAR SCHOOL

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2019

1 Accounting policies

(Continued)

1.9 Taxation

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

1.10 Pensions benefits

Retirement benefits to employees of the academy trust 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 trust.

The TPS is an unfunded scheme and contributions are calculated so as to spread the cost of pensions over employees' working lives with the academy trust in such a way that the pension cost is a substantially level percentage of current and future pensionable payroll. The contributions are determined by the Government Actuary on the basis of quadrennial valuations using a prospective unit credit method. 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 trust in separate trustee administered funds. Pension scheme assets are measured at fair value and liabilities are measured on an actuarial basis using the projected unit credit method and discounted at a rate equivalent to the current rate of return on a high quality corporate bond of equivalent term and currency to the liabilities. The actuarial valuations are obtained at least triennially and are updated at each balance sheet date. The amounts charged to operating surplus are the current service costs and the costs of scheme introductions, benefit changes, settlements and curtailments. They are included as part of staff costs as incurred. Net interest on the net defined benefit liability/asset is also recognised in the statement of financial activities and comprises the interest cost on the defined benefit obligation and interest income on the scheme assets, calculated by multiplying the fair value of the scheme assets at the beginning of the period by the rate used to discount the benefit obligations. The difference between the interest income on the scheme assets and the actual return on the scheme assets is recognised in other recognised gains and losses. Actuarial gains and losses are recognised immediately in other recognised gains and losses.

1.11 Fund accounting

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

Restricted fixed asset funds are resources which are to be applied to specific capital purposes imposed by funders where the asset acquired or created is held for a specific purpose.

Where fixed assets are purchased out of unrestricted or general restricted funds then an amount equivalent to the additions are transferred to the restricted fixed asset fund in the year incurred and shown separately within the SOFA.

Restricted general funds comprise all other restricted funds received with restrictions imposed by the funder/donor and include grants from the [Department for Education Group].

WEST KIRBY GRAMMAR SCHOOL

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2019

1 Accounting policies

(Continued)

1.12 Agency arrangements

The academy trust acts as an 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 trust does not have control over the charitable application of the funds. The trust can use up to 5% of the allocation towards its own administration costs and this is recognised in the statement of financial activities. The funds received and paid and any balances held are disclosed in note 27.

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 trust makes estimates and assumptions concerning the future. The resulting accounting estimates and assumptions will, by definition, seldom equal the related actual results. The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are discussed below.

The present value of the Local Government Pension Scheme defined benefit liability depends on a number of factors that are determined on an actuarial basis using a variety of assumptions. The assumptions used in determining the net cost or income for pensions include the discount rate. Any changes in these assumptions, which are disclosed in note 19, will impact the carrying amount of the pension liability. Furthermore a roll forward approach which projects results from the latest full actuarial valuation performed at 31 March 2016 has been used by the actuary in valuing the pensions liability at 31 August 2019. 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

The trustees believe that critical areas of judgement do not have a significant risk of causing a material difference to the carrying amounts of assets and liabilities within the next financial year.

3 Donations and capital grants

	Unrestricted funds £'000	Restricted funds £'000	Total 2019 £'000	Total 2018 £'000
Capital grants	-	534	534	453
	==	==	==	==

WEST KIRBY GRAMMAR SCHOOL

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2019

4 Funding for the academy trust's educational operations

	Unrestricted funds £'000	Restricted funds £'000	Total 2019 £'000	Total 2018 £'000
DfE / ESFA grants				
General annual grant (GAG)	-	5,467	5,467	5,535
Other DfE group grants	-	125	125	77
	<u>-</u>	<u>5,592</u>	<u>5,592</u>	<u>5,612</u>
Other funding				
Other incoming resources	23	65	88	281
	<u>23</u>	<u>65</u>	<u>88</u>	<u>281</u>
Total funding	<u>23</u>	<u>5,657</u>	<u>5,680</u>	<u>5,893</u>

5 Other trading activities

	Unrestricted funds £'000	Restricted funds £'000	Total 2019 £'000	Total 2018 £'000
Hire of facilities	12	-	12	6
Other income	19	-	19	15
	<u>31</u>	<u>-</u>	<u>31</u>	<u>21</u>

6 Investment income

	Unrestricted funds £'000	Restricted funds £'000	Total 2019 £'000	Total 2018 £'000
Short term deposits	5	-	5	5
	<u>5</u>	<u>-</u>	<u>5</u>	<u>5</u>

7 Expenditure

	Staff costs £'000	Non Pay Expenditure Premises £'000	Other £'000	Total 2019 £'000	Total 2018 £'000
Academy's educational operations					
- Direct costs	3,896	353	322	4,571	4,544
- Allocated support costs	865	402	220	1,487	1,514
	<u>4,761</u>	<u>755</u>	<u>542</u>	<u>6,058</u>	<u>6,058</u>

WEST KIRBY GRAMMAR SCHOOL

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2019

7 Expenditure		(Continued)	
Net income/(expenditure) for the year includes:		2019	2018
		£'000	£'000
Fees payable to auditor for:			
- Audit		11	12
Other services		3	5
Operating lease rentals		30	64
Depreciation of tangible fixed assets		353	346
Net interest on defined benefit pension liability		37	40
		<u> </u>	<u> </u>
8 Charitable activities		2019	2018
		£'000	£'000
All from restricted funds:			
Direct costs			
Educational operations		4,571	4,544
Support costs			
Educational operations		1,487	1,514
		<u> </u>	<u> </u>
		6,058	6,058
		<u> </u>	<u> </u>
		2019	2018
		£'000	£'000
Analysis of support costs			
Support staff costs		865	767
Technology costs		14	51
Premises costs		402	486
Other support costs		192	193
Governance costs		14	17
		<u> </u>	<u> </u>
		1,487	1,514
		<u> </u>	<u> </u>

WEST KIRBY GRAMMAR SCHOOL

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2019

9 Staff

Staff costs

Staff costs during the year were:

	2019 £'000	2018 £'000
Wages and salaries	3,596	3,560
Social security costs	363	359
Pension costs	732	670
Amounts paid to employees	4,691	4,589
Agency staff costs	70	27
Total staff expenditure	4,761	4,616

Staff numbers

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

	2019 Number	2018 Number
Teachers	81	82
Administration and support	25	26
Management	6	6
	112	114

Higher paid staff

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

	2019 Number	2018 Number
£60,001 - £70,000	2	2
£80,001 - £90,000	1	1

Key management personnel

The key management personnel of the academy trust comprise the trustees and the senior management team as listed on page 1. The total amount of employee benefits (including employer pension contributions) received by key management personnel for their services to the academy trust was £442,464 (2018: £453,502).

WEST KIRBY GRAMMAR SCHOOL

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2019

10 Trustees' remuneration and expenses

One or more of the trustees has been paid remuneration or has received other benefits from an employment with the academy trust. The headteacher and other staff trustees 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 trustees.

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

E T Sargent (Headteacher and trustee):

Remuneration - £85,001 - £90,000 (2018: £85,001 - £90,000)

Employer's pension contributions paid - £10,001 - £15,000 (2018: £10,001 - £15,000)

J C Akehurst (staff governor and trustee):

Remuneration - £15,001 - £20,000 (2018: £35,001 - £40,000)

Employer's pension contributions paid - £0- £5,000 (2018: £5,001 - £10,000)

D J Williamson (staff governor and trustee):

Remuneration - £25,001 - £30,000 (2018: Nil)

Employer's pension contributions paid - £0- £5,000 (2018: £Nil)

J P Young (staff governor and trustee):

Remuneration - £40,001 - £45,000 (2018: £40,001 - £45,000)

Employer's pension contributions paid - £5,001 - £10,000 (2018: £5,001 - £10,000)

11 Trustees and officers insurance

In accordance with normal commercial practice, the academy trust has purchased insurance to protect trustees and officers from claims arising from negligent acts, errors or omissions occurring whilst on academy trust business. The insurance provides cover up to £10,000,000 on any one claim. The cost of this insurance is included in the total insurance cost.

WEST KIRBY GRAMMAR SCHOOL

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2019

12 Tangible fixed assets

	Freehold land and buildings	Assets under construction	Computer equipment / IT infrastructure	Fixtures, fittings & equipment	Total
	£'000	£'000	£'000	£'000	£'000
Cost					
At 1 September 2018	11,943	305	575	337	13,160
Transfers	443	(443)	-	-	-
Additions	19	611	76	11	717
At 31 August 2019	12,405	473	651	348	13,877
Depreciation					
At 1 September 2018	1,424	-	448	248	2,120
Charge for the year	244	-	62	47	353
At 31 August 2019	1,668	-	510	295	2,473
Net book value					
At 31 August 2019	10,737	473	141	53	11,404
At 31 August 2018	10,519	305	127	89	11,040

The land and buildings transferred on conversion were independently professionally valued as at 1 August 2011 by Mason Owen Chartered Surveyors and were included in the financial statements at this valuation on conversion to academy status.

Included within freehold land and buildings is land valued at £1,000,000.

13 Debtors

	2019 £'000	2018 £'000
Trade debtors	4	-
VAT recoverable	114	71
Prepayments and accrued income	295	309
	413	380

WEST KIRBY GRAMMAR SCHOOL

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2019

14	Creditors: amounts falling due within one year	2019 £'000	2018 £'000
	Trade creditors	276	174
	Other taxation and social security	101	102
	Other creditors	124	164
	Accruals and deferred income	174	221
		<u>675</u>	<u>661</u>

Included within other creditors is an unsecured interest free loan of £15,000 from Salix. £5,000 is outstanding on the loan at year end with £5,000 being included within other creditors falling due within one year. The loan is being recovered in £5,000 instalments through abatement of the academy's General Annual Grant.

15	Creditors: amounts falling due after more than one year	2019 £'000	2018 £'000
	Other creditors	-	5
		<u>-</u>	<u>5</u>

16	Deferred income	2019 £'000	2018 £'000
	Deferred income is included within:		
	Creditors due within one year	130	15
		<u>130</u>	<u>15</u>
	Deferred income at 1 September 2018	15	15
	Released from previous years	(15)	(15)
	Resources deferred in the year	130	15
		<u>130</u>	<u>15</u>
	Deferred income at 31 August 2019	130	15

At the balance sheet date the academy trust was holding funds received in advance for rates relief of £12k (2018: £12k), for course fees of £Nil (2018: £2k), hiring out of facilities £Nil (2018: £1k), school trips £50k (2018: £Nil), Arts Fund £8k (2018: £Nil), Prizes fund £10k (2018: £Nil), STEMNET income £7k (2018: £Nil), teachers direct income £4k (2018: £Nil), income for astroturf rejuvenation (£30k (2018: £Nil) and web design £10k (2018: £Nil).

WEST KIRBY GRAMMAR SCHOOL

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2019

17 Funds

	Balance at 1 September 2018 £'000	Income £'000	Expenditure £'000	Gains, losses and transfers £'000	Balance at 31 August 2019 £'000
Restricted general funds					
General Annual Grant (GAG)	-	5,467	(5,434)	24	57
Other DfE / ESFA grants	-	125	(125)	-	-
Other restricted funds	139	65	-	-	204
Pension reserve	(1,380)	-	(146)	(698)	(2,224)
	<u>(1,241)</u>	<u>5,657</u>	<u>(5,705)</u>	<u>(674)</u>	<u>(1,963)</u>
Restricted fixed asset funds					
Inherited on conversion	8,727	-	(178)	-	8,549
DfE group capital grants	1,524	534	(85)	(24)	1,949
Capital expenditure from GAG	1,065	-	(89)	-	976
	<u>11,316</u>	<u>534</u>	<u>(352)</u>	<u>(24)</u>	<u>11,474</u>
Total restricted funds	<u>10,075</u>	<u>6,191</u>	<u>(6,057)</u>	<u>(698)</u>	<u>9,511</u>
Unrestricted funds					
General funds	<u>605</u>	<u>59</u>	<u>-</u>	<u>-</u>	<u>664</u>
Total funds	<u>10,680</u>	<u>6,250</u>	<u>(6,057)</u>	<u>(698)</u>	<u>10,175</u>

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

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

A total of £24k of restricted funds have been transferred from the restricted fixed asset fund, (£130k) of this is a reversal of the provision for future capital requirements and £105k relates to fixed asset additions spent from GAG/ Other restricted funds.

WEST KIRBY GRAMMAR SCHOOL

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2019

17 Funds

(Continued)

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

	Balance at 1 September 2017 £'000	Income £'000	Expenditure £'000	Gains, losses and transfers £'000	Balance at 31 August 2018 £'000
Restricted general funds					
General Annual Grant (GAG)	-	5,535	(5,535)	-	-
Other DfE / ESFA grants	-	77	(77)	-	-
Other restricted funds	116	255	(11)	(221)	139
Pension reserve	(1,638)	-	(89)	347	(1,380)
	<u>(1,522)</u>	<u>5,867</u>	<u>(5,712)</u>	<u>126</u>	<u>(1,241)</u>
Restricted fixed asset funds					
Transfer on conversion	8,905	-	(178)	-	8,727
DfE group capital grants	1,224	453	(153)	-	1,524
Capital expenditure from GAG	859	-	(15)	221	1,065
	<u>10,988</u>	<u>453</u>	<u>(346)</u>	<u>221</u>	<u>11,316</u>
Total restricted funds	<u>9,466</u>	<u>6,320</u>	<u>(6,058)</u>	<u>347</u>	<u>10,075</u>
Unrestricted funds					
General funds	<u>553</u>	<u>52</u>	<u>-</u>	<u>-</u>	<u>605</u>
Total funds	<u>10,019</u>	<u>6,372</u>	<u>(6,058)</u>	<u>347</u>	<u>10,680</u>

18 Analysis of net assets between funds

	Unrestricted Funds £'000	Restricted funds: General £'000	Fixed asset £'000	Total Funds £'000
Fund balances at 31 August 2019 are represented by:				
Tangible fixed assets	-	-	11,404	11,404
Current assets	663	937	70	1,670
Creditors falling due within one year	1	(676)	-	(675)
Defined benefit pension liability	-	(2,224)	-	(2,224)
Total net assets	<u>664</u>	<u>(1,963)</u>	<u>11,474</u>	<u>10,175</u>

WEST KIRBY GRAMMAR SCHOOL

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2019

18 Analysis of net assets between funds

(Continued)

	Unrestricted Funds £'000	General £'000	Restricted funds: Fixed asset £'000	Total Funds £'000
Fund balances at 31 August 2018 are represented by:				
Tangible fixed assets	-	-	11,040	11,040
Current assets	605	805	276	1,686
Creditors falling due within one year	-	(661)	-	(661)
Creditors falling due after one year	-	(5)	-	(5)
Defined benefit pension liability	-	(1,380)	-	(1,380)
Total net assets	605	(1,241)	11,316	10,680

19 Pension and similar obligations

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

Contributions amounting to £78,775 (TPS £64,886 and LGPS £13,889) were payable to the schemes at 31 August 2019 (2018: £79,574 (TPS £65,837 and LGPS £13,737)) and are included within creditors.

Teachers' Pension Scheme

Introduction

The Teachers' Pension Scheme (TPS or scheme) is a statutory, unfunded, defined benefit occupational scheme, governed by the Teachers' Pensions Regulations 2010 (as amended), and the Teachers' Pension Scheme Regulations 2014 (as amended). These regulations apply to teachers in schools and other educational establishments, including academies, in England and Wales that are maintained by local authorities. In addition, teachers in many independent and voluntary-aided schools and teachers and lecturers in some establishments of further and higher education may be eligible for membership. Membership is automatic for full-time teachers and, from 1 January 2007, automatic too for teachers in part-time employment following appointment or a change of contract. Teachers are able to opt out of the TPS.

Although members may be employed by various bodies, their retirement and other pension benefits are set out in regulations made under the Superannuation Act (1972) and Public Service Pensions Act (2013) and are paid by public funds provided by Parliament. The TPS is an unfunded scheme and members contribute on a 'pay as you go' basis – contributions from members, along with those made by employers, are credited to the Exchequer under arrangements governed by the above Acts.

The Teachers' Pensions Regulations 2010 require an annual account, the Teachers' Pension Budgeting and Valuation Account, to be kept of receipts and expenditure (including the cost of pension increases). From 1 April 2001, the Account has been credited with a real rate of return, which is equivalent to assuming that the balance in the Account is invested in notional investments that produce that real rate of return.

WEST KIRBY GRAMMAR SCHOOL

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2019

19 Pension and similar obligations

(Continued)

Valuation of the Teachers' Pension Scheme

The latest valuation of the Teachers' Pension Scheme has now taken place, in line with directions issued by HM Treasury and using membership data as at 31 March 2016. As a result of this valuation TPS employers will pay an increased contribution rate of 23.68% from September 2019 (this includes the administration levy of 0.8%).

The timing of the implementation is to align its introduction with employers' budget planning cycles. Until then, employers will pay the current rate of 16.48%.

A copy of the latest valuation report can be found by following the link to [the Teachers' Pension Scheme website](#).

The employer's pension costs paid to the TPS in the period amounted to £494,103 (2018: £498,387).

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

The arrangements for a reformed Teachers' Pension Scheme, in line with the recommendations made by Lord Hutton, in particular the introduction of a Career Average Revalued Earnings (CARE) scheme, were implemented from 1 April 2015.

In December 2018, the Court of Appeal held that transitional protection provisions contained in the reformed judicial and firefighter pension schemes, introduced as part of public service pension reforms in 2015, gave rise to direct age discrimination and were therefore unlawful. The Supreme Court, in a decision made in June 2019, have rejected the Government's application for permission to appeal the Court of Appeal's ruling. The case will now be referred to an Employment Tribunal for a decision regarding the remedy which will need to be offered to those members of the two schemes who were subject of the age discrimination.

HM Treasury are clear that the ruling has implications for the other public service schemes, including the Teachers' Pension Scheme. Those implications are currently being considered and any impact on scheme costs is expected to be looked at within the next scheme valuation, which is currently scheduled to be based on April 2020 data and implemented in April 2023.

Local Government Pension Scheme

The LGPS is a funded defined benefit pension 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 % for employers and % for employees.

[Additional disclosure should be made where the scheme is in deficit and the entity has entered into an agreement with the trustees to make additional contributions in addition to normal funding levels, including the number of years over which it is anticipated that the additional contributions will be paid.]

WEST KIRBY GRAMMAR SCHOOL

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2019

19 Pension and similar obligations

(Continued)

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.

The current valuation does not reflect the expected increase in benefits and therefore liability as a result of Guaranteed Minimum Pension ('GMP') equalisation between men and women which is required as a result of the removal of the Additional State Pension. Methodologies for a long-term solution are still being investigated by the Government as set out in the published (January 2018) outcome of the Government Consultation 'Indexation and Equalisation of GMP in Public Sector Pensions Schemes' and therefore the expected impact cannot be reliably estimated and consequently no provision/liability has been recognised.

Total contributions made	2019 £'000	2018 £'000
Employer's contributions	128	122
Employees' contributions	32	30
Total contributions	160	152
Principal actuarial assumptions	2019 %	2018 %
Rate of increase in salaries	3.6	3.6
Rate of increase for pensions in payment/inflation	2.2	2.2
Discount rate for scheme liabilities	1.8	2.8
Inflation assumption (CPI)	2.1	2.1

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

	2019 Years	2018 Years
Retiring today		
- Males	22.2	22.0
- Females	25.0	24.8
Retiring in 20 years		
- Males	25.2	25.0
- Females	27.9	27.8

WEST KIRBY GRAMMAR SCHOOL

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2019

19 Pension and similar obligations

(Continued)

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

	2019	2018
	£'000	£'000
Discount rate + 0.1%	-81	-64
Mortality assumption + 1 year	+85	+70
CPI rate + 0.1%	+83	+65
Pay growth + 0.1%	+13	+11

The academy trust's share of the assets in the scheme

	2019	2018
	Fair value	Fair value
	£'000	£'000
Equities	1,084	1,047
Government bonds	216	69
Other bonds	117	238
Cash	68	63
Property	191	184
Other assets	445	416
Total market value of assets	2,121	2,017

The actual return on scheme assets was £98,000 (2018: £105,000).

Amount recognised in the Statement of Financial Activities

	2019	2018
	£'000	£'000
Current service cost	158	171
Past service cost	79	-
Interest income	(57)	(43)
Interest cost	94	83
Total operating charge	274	211

WEST KIRBY GRAMMAR SCHOOL

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2019

19	Pension and similar obligations	(Continued)	
	Changes in the present value of defined benefit obligations	2019	
		£'000	
	At 1 September 2018	3,397	
	Current service cost	158	
	Interest cost	94	
	Employee contributions	32	
	Actuarial loss/(gain)	736	
	Benefits paid	(151)	
	Past service cost	79	
	At 31 August 2019	4,345	
	Changes in the fair value of the academy trust's share of scheme assets	2019	
		£'000	
	At 1 September 2018	2,017	
	Interest income	57	
	Actuarial gain	41	
	Employer contributions	128	
	Employee contributions	32	
	Benefits paid	(151)	
	At 31 August 2019	2,124	
20	Reconciliation of net income to net cash flow from operating activities	2019	2018
		£'000	£'000
	Net income for the reporting period (as per the statement of financial activities)	193	314
	Adjusted for:		
	Capital grants from DfE and other capital income	(534)	(453)
	Investment income receivable	(5)	(5)
	Defined benefit pension costs less contributions payable	109	49
	Defined benefit pension scheme finance cost	37	40
	Depreciation of tangible fixed assets	353	346
	(Increase)/decrease in debtors	(52)	54
	Increase/(decrease) in creditors	9	(27)
	Net cash provided by operating activities	110	318

WEST KIRBY GRAMMAR SCHOOL

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2019

21 Commitments under operating leases

At 31 August 2019 the total of the academy trust's future minimum lease payments under non-cancellable operating leases was:

	2019 £'000	2018 £'000
Amounts due within one year	32	33
Amounts due in two and five years	9	41
	<u>41</u>	<u>74</u>

22 Related party transactions

The following related party transaction took place in the period of account. All transactions involving such organisations are conducted at arm's length and in accordance with the trust's financial regulations and normal procurement procedures.

During the year a Community Governor received an amount of £980 (2018: £640) for services undertaken for the presentation of appeals for the school and consultancy services.

The trust made this transaction at arms' length.

In entering into the transaction the trust has complied with the requirements of the Academies Financial Handbook 2018.

23 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.

24 Agency arrangements

The Academy Trust administers the disbursement of the new discretionary support for learners, 16-19 Bursary Funds, on behalf of the ESFA. In the year the Academy received £21,919 (2018: £23,504) and disbursed £17,445 (2018: £24,642) with an amount of £4,474 (2018: £4,865) included within other creditors as at 31 August 2019.