



(A company limited by guarantee)

## **ANNUAL REPORT AND FINANCIAL STATEMENTS**

**FOR THE YEAR ENDED 31 AUGUST 2014**

## CONTENTS

Reference and Administrative Details	1
Trustees' Report	2 – 6
Governance Statement	7 – 8
Statement on Regularity, Propriety and Compliance	9
Statement of Trustees' Responsibilities	10
Independent Auditor's Report on the Financial Statements	11 – 12
Independent Auditor's Report on Regularity	13 – 14
Statement of Financial Activities	15
Balance Sheet	16
Cash Flow Statement	17
Notes to the Financial Statements	18 – 31

## REFERENCE AND ADMINISTRATIVE DETAILS

<b>Trustees/Directors</b>	N Ward S Hughes N Murray	Chair of Governors  Vice Chair of Governors, Appointed 1 June 2014
<b>Governors</b>	G Wainwright H Jackson S Edwards J Moore A Meehan H Kim S Jones	Appointed 1 September 2013 Appointed 1 September 2013 Appointed 1 September 2013 Appointed 16 October 2013 Appointed 30 October 2013 Appointed 1 December 2013 Appointed 1 September 2013
<b>Company Secretary</b>	S Hughes L Hughes	Resigned 30 April 2014 Appointed 1 May 2014
<b>Senior Management Team</b>	P Lloyd D Goddard I Parry	Principal Vice Principal Vice Principal
<b>Company Registration Number</b>	07732783	
<b>Principal and Registered Office</b>	120 Heyworth Street Liverpool L5 0SQ	
<b>Auditors</b>	HBD Accountancy Services LLP Gladstone House 2 Church Road Liverpool L15 9EG	
<b>Bankers</b>	HSBC 99-101 Lord Street Liverpool L2 6PG	
<b>Solicitors</b>	Stone King LLP 13 Queen Square Bath BA1 2HJ	

## TRUSTEES' REPORT

The trustees present their annual report together with the financial statements and auditor's reports of the charitable company for the year ended 31 August 2014. The annual report serves the purposes of both a trustees' report, and a directors' report under company law.

On 27 June 2014 Liverpool Life Sciences UTC joined the Northern Schools Trust. The Liverpool Life Sciences UTC company was dormant thereafter.

### **Structure, Governance and Management**

#### **Constitution**

Liverpool Life Sciences UTC 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 Liverpool Life Sciences UTC.

The trustees of the Liverpool Life Sciences UTC are also the directors of the charitable company for the purposes of company law.

Details of the trustees who served during the year are included in the Reference and Administrative Details on page 1.

#### **Members' Liability**

Each member of the charitable trust undertakes to contribute to the assets of the charitable trust 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 Liverpool Life Sciences UTC has purchased insurance to protect trustees, governors and officers from claims arising from negligent acts, errors or omissions occurring whilst on Liverpool Life Sciences UTC business.

#### **Method of Recruitment and Appointment or Election of Trustees**

Liverpool Life Sciences UTC will follow processes for any new recruits that are appropriate and use criteria for recruitment based on a review of the existing board membership.

#### **Policies and Procedures Adopted for the Induction and Training of Trustees**

The induction, training and support programme for trustees will differ according to the nature of the post and the varying needs and experience of the individual concerned. There are, however, some general principles outlined below which should be common to all.

- It is expected that the incumbent trustees will provide a good deal of practical help, advice, guidance and encouragement in all aspects of Governance and in enabling new trustees to integrate into a new situation.
- Prior to taking up the appointment the new member will be welcome to visit the Academies as necessary to meet key people as appropriate.
- The Trust's Equality & Diversity and related policies will be applicable to all.
- The other trustees will be informed of any new appointments.
- Every trustee should be prepared to offer support to new trustees as appropriate. In some circumstances it may be advisable to appoint a short term mentor to provide individual support.

## TRUSTEES' REPORT (continued)

### Organisational Structure

The management structure consists of three levels: the Board of the Company (trustees), the Local Governing Body of Liverpool Life Sciences UTC and the Senior Managers of Liverpool Life Sciences UTC. The aim of this structure is to devolve responsibility to those best able to make the appropriate decisions. The trustees encourage staff contributions at all levels and collaboration between Liverpool Life Sciences UTC and associated parties within the Northern Schools Trust.

The trustees are there to support the local governing body, senior management team and the community in the running of Liverpool Life Sciences UTC, and have no ambition to run Liverpool Life Sciences UTC on a day-to-day basis. Along with this governance role the trustees are there to give support and advice when asked and to be roving ambassadors for both the Trust and what it is trying to achieve.

### Connected Organisations including Related Party Relationships

The Northern Schools Trust sponsors Liverpool Life Sciences UTC. The Northern Schools Trust has supported Liverpool Life Sciences UTC throughout the year with opening, support services, education advice and guidance. Liverpool Life Sciences UTC became a part of the Northern Schools Trust in the June 2014.

### Objectives and Activities

#### Objects and Aims

Liverpool Life Sciences UTC was established to provide education for pupils of different abilities between the ages of 11 and 19.

The main objectives and aims of the trust are summarised below:

- to raise the standards of educational achievement of all pupils;
- to ensure that every child enjoys the same high quality of education in terms of resourcing, tuition and care;
- to improve the effectiveness of Liverpool Life Sciences UTC
- by keeping the curriculum and organisational structure under continual review;
- to provide value for money for the funds expended;
- to comply with all appropriate statutory and curriculum requirements;
- to maintain close links with industry and commerce;
- to conduct business in accordance with the highest standards of integrity, probity, and openness.

#### Objectives, Strategies and Activities

Key activities and targets are identified in the Improvement and Development plan and are informed by the significant challenges and opportunities arising from national developments in education policy and funding.

The current targets include;

- Raising student achievement;
- Become a UTC that is graded outstanding by Ofsted;
- Improving Teaching and Learning through the use of Technology;
- Creating a shared support service that provides the foundations for outstanding teaching and learning.

Improvement and Developments plans are supported by detailed activity targets and success criteria.

## TRUSTEES' REPORT (continued)

### Equal opportunities policy

The trustees recognise that equal opportunities should be an integral part of good practice within the workplace. Liverpool Life Sciences UTC will aim to establish equal opportunity in all areas of its activities including creating a working environment in which the contribution and needs of all people will be fully valued.

The trustees ensure that professional development opportunities are available to all employees.

### Disabled persons

The policy of Liverpool Life Sciences UTC is to support recruitment and retention of students and employees with disabilities. The Trust does this by adapting the physical environment, by making support resources available and through training and career development.

### Public Benefit

Liverpool Life Sciences UTC has given a high priority to providing public benefit to a cross section of the community, but perhaps the greatest benefit that Liverpool Life Sciences UTC can offer is the provision of an education that maximises each student's potential to develop principled, informed, open minded and confident citizens who respect the beliefs of others and who are determined to make a positive contribution to society.

The trustees have considered the impact of the public benefit requirement when reviewing the aims and objectives and when planning activities in the future including the guidance issued by the Charity Commission.

### Strategic Report

#### Achievements and Performance

Liverpool Life Sciences UTC is a school where industrial partners play a key role in developing the curriculum offer and delivering placements and apprenticeships. The school opened in September 2013 with its first cohort of 200 students. When full in three years' time it will accommodate 800 students. The school has already received numerous awards and plaudits and is becoming a key school nationally in respect to the teaching of the sciences.

As part of the Northern Schools Trust, the school is progressing well and has successfully gone through four school inspections prior to their first Ofsted inspections which are due in the first half of 2015. The school is a very innovative place to both teach and study in and we believe will set the standard for how industrialists and educationalists can come together to create schools of the future.

#### Going Concern

The principal activity of the Company had been the operation of educational achievement of all pupils until the Company ceased to operate the services on 26 June 2014. Accordingly these financial statements are not prepared on a going concern basis, as a result of transfer Liverpool Life Sciences UTC to the Northern Schools Trust.

As a consequence of the Company ceasing to trade on 26 June 2014 and the transfer of staff to the Northern Schools Trust, the Company now has no employees and there are no plans for any future business activity. The Trustees plan to move the Company to dormant status at some point.

## TRUSTEES' REPORT (continued)

### Financial Review Key Financial Performance Indicators

Most of the Liverpool Life Sciences UTC's income is obtained from the Department for Education in the form of grants, the use of which is restricted to particular purposes. The grants received from the Department for Education during the year ended 31 August 2014 and the associated expenditure are shown as restricted funds in the statement of financial activities.

Liverpool Life Sciences UTC also received grants for fixed assets from the Department for Education. In accordance with the Charities Statement of Recommended Practice, 'Accounting and Reporting by Charities' (SORP 2005), such grants are shown in the Statement of Financial Activities as income within the restricted fund. The restricted fixed asset fund balance is reduced by annual depreciation charged over the expected useful life of the assets concerned.

During the year ended 31 August 2014, total expenditure of £13,538,000 was covered by grant funding from the Department for Education together with other incoming resources. The excess of income over expenditure for the year (excluding restricted fixed asset funds) was £444,000.

At 26 June 2014, the conversion date to the Northern Schools Trust, the net book value of fixed assets was £11,165,000. The assets were used exclusively for providing education and the associated support services to the pupils of Liverpool Life Sciences UTC.

### Reserves Policy

Liverpool Life Sciences UTC currently has no remaining reserves as a result of transfer to the Northern Schools Trust.

The closing operating deficit (including pension deficit) of £262,000 was transferred to the Northern Schools Trust on 27 June 2014.

### Investment Policy

Liverpool Life Sciences UTC investments policy is consistent with its Charitable Status. Investments must always be made in accordance with written procedures adopted by the Governing Body and must always ensure that the maximum integrity of such investments. The priority for Liverpool Life Sciences UTC since opening and during the period of capital build and student number growth has been to have cash invested in liquid investment products that bear no risk with its bankers HSBC.

### Principal Risks and Uncertainties

#### Financial and Risk Management Objectives and Policies

The trustees, governors and senior management completed a Corporate Risk Map August in 2013 which involved identifying the types of risk Liverpool Life Sciences UTC faces and the systems in place or that needed to be implemented to mitigate against the risks Liverpool Life Sciences UTC face. During the year the trustees' considered that systems were in place to mitigate any of the risks identified.

#### Principal Risks and Uncertainties

Any principal risks and uncertainties faced by Liverpool Life Sciences UTC transferred to the Northern Schools Trust on the 27 June 2014.

## TRUSTEES' REPORT (continued)

### Plans for Future Periods

Liverpool Life Sciences UTC will strive to improve the levels of performance of its students at all levels and make efforts to ensure its students get jobs or a place in higher education once they leave, moving forward as part of the Northern Schools Trust.

### Auditor

Insofar 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.

Trustees' report, incorporating a strategic report, approved by order of the board of trustees, as the company directors, on 9 December 2014 and signed on the board's behalf by:



**N Ward**

Chair of Trustees



## GOVERNANCE STATEMENT

### Scope of Responsibility

As trustees we acknowledge we have overall responsibility for ensuring that Liverpool Life Sciences UTC 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 chief executive, as accounting officer, for ensuring financial controls conform with the requirements of both propriety and good financial management and in accordance with the requirements and responsibilities assigned to it in the funding agreement between Liverpool Life Sciences UTC 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 and governing body of Liverpool Life Sciences UTC met 3 times during the year. Attendance during the year at meetings of the board of trustees and Governing Body was as follows:

Trustee / Governor	Meetings attended	Out of a possible	
Nigel Ward	3	3	Chair of Governors
Phil Lloyd	3	3	Principal
Geoff Wainwright	3	3	
Helen Jackson	3	3	
Peter Jackson	-	2	
Neil Murray	1	1	
Steve Edwards	2	3	
Jonathan Moore	3	3	
Alison Meehan	2	3	
Steve Jones	-	3	
Stephen Hughes	1	2	Director of Finance to 30 April 2014
Herb Kim	1	2	

### 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 trust policies, aims and objectives, to evaluate the likelihood of those risks being realised and the impact should they be realised, and to manage them efficiently, effectively and economically. The system of internal control has been in place in the Trust for the year ended 31 August 2014 and up to the date of approval of the annual report and financial statements.

### Capacity to Handle Risk

The board of trustees has reviewed the key risks to which Liverpool Life Sciences UTC is exposed together with the operating, financial and compliance controls that have been implemented to mitigate those risks. The board of trustees is of the view that there is a formal on-going process for identifying, evaluating and managing Liverpool Life Sciences UTC's significant risks that has been in place for the year ended 31 August 2014 and up to the date of approval of the annual report and financial statements. This process is regularly reviewed by the board of trustees.

## GOVERNANCE STATEMENT (continued)

### The Risk and Control Framework

Liverpool Life Sciences UTC'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 trustees and governors 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 HBD Accountancy Services LLP, the external auditor, to perform additional checks.

The external auditor's role includes giving advice on financial matters and performing a range of checks on Liverpool Life Sciences UTC's financial systems. On a quarterly basis, the auditor reports to the board of trustees, through the audit committee on the operation of the systems of control and on the discharge of the board of trustees' financial responsibilities.

The trustees confirm that the external auditor has delivered their schedule of work as planned and has been delivered in line with the EFA's requirements.

### Review of Effectiveness

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

- the work of the external auditor;
- the financial management and governance self-assessment process;
- the work of the executive managers within Liverpool Life Sciences UTC 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 ensure continuous improvement of the system is in place.

Approved by order of the members of the board of trustees on 9 December 2014 and signed on its behalf by:



**P Lloyd**

Accounting Officer

## STATEMENT ON REGULARITY, PROPRIETY AND COMPLIANCE

---

As accounting officer of Liverpool Life Sciences UTC I have considered my responsibility to notify Liverpool Life Sciences UTC board of trustees and the Education Funding Agency of material irregularity, impropriety and non-compliance with EFA terms and conditions of funding, under the funding agreement in place between Liverpool Life Sciences UTC and the Secretary of State. As part of my consideration I have had due regard to the requirements of the Academies Financial Handbook.

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

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



**P Lloyd**

Accounting Officer

9 December 2014

## STATEMENT OF TRUSTEES' RESPONSIBILITIES

The trustees (who act as governors of Liverpool Life Sciences UTC and are also the directors of the charitable company for the purposes of company law) are responsible for preparing the Trustees' Report and the financial statements in accordance with the Annual Accounts Direction published by the Education Funding Agency, United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice) and applicable law and regulations.

Company law requires the trustees to prepare financial statements for each financial year. Under company law the trustees must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the charitable company and of its incoming resources and application of resources, including its income and expenditure, for that period. In preparing these financial statements, the trustees are required to:

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

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

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

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

Approved by order of the members of the board of trustees on 9 December 2014 and signed on its behalf by:



**N Ward**

Chair of Trustees

## INDEPENDENT AUDITOR'S REPORT ON THE FINANCIAL STATEMENTS TO THE BOARD OF TRUSTEES OF LIVERPOOL LIFE SCIENCES UTC

We have audited the accounts of Liverpool Life Sciences UTC for the year ended 31 August 2014 set out on pages 15 to 31. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice) and the Academies Accounts Direction 2014 issued by the EFA.

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

### **Respective responsibilities of governors and auditors**

As explained more fully in the Trustees' Responsibilities Statement set out on page 10, the governors, who are also the directors of Liverpool Life Sciences UTC for the purposes of company law, are responsible for the preparation of the accounts and for being satisfied that they give a true and fair view.

Our responsibility is to audit and express an opinion on the accounts in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's Ethical Standards for Auditors.

### **Scope of the audit of the accounts**

An audit involves obtaining evidence about the amounts and disclosures in the accounts sufficient to give reasonable assurance that the accounts are free from material misstatement, whether caused by fraud or error. This includes an assessment of: whether the accounting policies are appropriate to the charitable company's circumstances and have been consistently applied and adequately disclosed; the reasonableness of significant accounting estimates made by the governors; and the overall presentation of the accounts. In addition, we read all the financial and non-financial information in the Trustees' Annual Report to identify material inconsistencies with the audited accounts and to identify any information that is apparently materially incorrect based on, or materially inconsistent with, the knowledge acquired by us in the course of performing the audit. If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report.

### **Opinion on accounts**

In our opinion the accounts:

- give a true and fair view of the state of the charitable company's affairs as at 31 August 2014 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, and in accordance with the requirements of the Companies Act 2006; and
- have been prepared in accordance with the Academies Accounts Direction 2014 issued by the EFA.

### **Opinion on other matter prescribed by the Companies Act 2006**

In our opinion the information given in the Trustees' Report for the financial year for which the accounts are prepared is consistent with the accounts.

**INDEPENDENT AUDITOR'S REPORT ON THE FINANCIAL STATEMENTS TO THE BOARD OF TRUSTEES OF LIVERPOOL LIFE SCIENCES UTC (continued)**

**Matters on which we are required to report by exception**

We have nothing to report in respect of the following matters where 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.



**Benjamin Russell BSc ACA (Senior Statutory Auditor)**

**for and on behalf of HBD Accountancy Services LLP**

**Chartered Accountants**

**Statutory Auditor**

Gladstone House  
2 Church Road  
Liverpool  
L15 9EG

**9 December 2014**

## INDEPENDENT REPORTING AUDITOR'S ASSURANCE REPORT ON REGULARITY TO LIVERPOOL LIFE SCIENCES UTC AND THE EDUCATION FUNDING AGENCY

In accordance with the terms of our engagement letter and further to the requirements of the Education Funding Agency (EFA) as included in the Academies Accounts Direction 2014, we have carried out an engagement to obtain limited assurance about whether the expenditure disbursed and income received by Liverpool Life Sciences UTC during the period 1 September 2013 to 31 August 2014 have been applied to the purposes identified by Parliament and the financial transactions conform to the authorities which govern them.

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

### **Respective responsibilities of Liverpool Life Sciences UTC's accounting officer and the reporting auditor**

The accounting officer is responsible, under the requirements of Liverpool Life Sciences UTC's funding agreement with the Secretary of State for Education and the Academies Financial Handbook, extant from 1 September 2013, 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 2014. 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 2013 to 31 August 2014 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 2014 issued by the EFA. 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:

- Review of minutes, management accounts and discussions held with key personnel;
- Evaluation of internal control procedures and reporting lines, and the implementation of such controls as were considered relevant, was checked;
- Review of financial transactions for any unusual transactions which maybe improper;
- Ensure that expenditure does not contravene the funding agreement;

Ensure that key staff and trustees declared their interest in related parties and followed this up with discussion and testing.

**INDEPENDENT REPORTING AUDITOR'S ASSURANCE REPORT ON REGULARITY TO  
LIVERPOOL LIFE SCIENCES UTC AND THE EDUCATION FUNDING AGENCY (continued)**

**Conclusion**

In the course of our work, nothing has come to our attention which suggests that in all material respects the expenditure disbursed and income received during the period 1 September 2013 to 31 August 2014 has not been applied to purposes intended by Parliament and the financial transactions do not conform to the authorities which govern them.



**Benjamin Russell BSc ACA (Senior Statutory Auditor)**

for and on behalf of HBD Accountancy Services LLP

Chartered Accountants  
Statutory Auditor  
Gladstone House  
2 Church Road  
Liverpool  
L15 9EG

**9 December 2014**



# LIVERPOOL LIFE SCIENCES UTC

## STATEMENT OF FINANCIAL ACTIVITIES FOR THE YEAR ENDED 31 AUGUST 2014 (INCLUDING INCOME AND EXPENDITURE AND STATEMENT OF TOTAL RECOGNISED GAINS AND LOSSES)

	Notes	Unrestricted Funds £000	Restricted General Funds £000	Restricted Fixed Asset Funds £000	Total 2014 £000	Total 2013 £000
<b>Incoming resources</b>						
<i>Incoming resources from generated funds:</i>						
Activities for generating funds						
Deficit lost on transfer	22	-	262	-	262	-
<i>Incoming resources from charitable activities:</i>						
Funding for the Academy's educational operations	3	-	1,497	-	1,497	11,390
Other incoming resources	2	14	655	-	669	-
<b>Total incoming resources</b>		<u>14</u>	<u>2,414</u>	<u>-</u>	<u>2,428</u>	<u>11,390</u>
<b>Resources expended</b>						
<i>Cost of generating funds:</i>						
Assets transferred to Northern Schools Trust	22	-	-	11,165	11,165	-
<i>Charitable activities:</i>						
Academy trust educational operations	5	14	1,941	389	2,344	244
Governance costs	6	-	29	-	29	9
<b>Total resources expended</b>		<u>14</u>	<u>1,970</u>	<u>11,554</u>	<u>13,538</u>	<u>253</u>
<b>Net incoming/(outgoing) resources before transfers</b>			444	(11,554)	<b>(11,110)</b>	11,137
Gross transfers between funds	13	-	(396)	396	-	-
<b>Net income/(expenditure) for the year</b>		-	48	(11,158)	<b>(11,110)</b>	11,137
<b>Other recognised gains and losses</b>						
Actuarial (losses) gains on defined benefit pension schemes		-	(27)	-	<b>(27)</b>	-
<b>Net movement in funds</b>		-	21	(11,158)	<b>(11,137)</b>	11,137
<b>Reconciliation of funds</b>						
Total funds brought forward at 1 September 2013		-	(21)	11,158	<b>11,137</b>	-
<b>Total funds carried forward at 31 August 2014</b>		<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>11,137</u>

All of Liverpool Life Sciences UTC's activities derive from operations during the above two financial periods up to 27 June 2014.

A Statement of Total Recognised Gains and Losses is not required as all gains and losses are included in the Statement of Financial Activities

## BALANCE SHEET AS AT 31 AUGUST 2014

Company Number 07732783

	Notes	2014 £000	2013 £000
<b>Fixed assets</b>			
Tangible assets	10	-	11,158
<b>Current assets</b>			
Debtors	11	-	1,652
Cash at bank and in hand		-	6
		-	1,658
<b>Creditors: Amounts falling due within one year</b>	12	-	(1,679)
<b>Net current assets</b>		-	(21)
<b>Total assets less current liabilities</b>			
Pension scheme liability	21	-	-
<b>Net assets including pension liability</b>		-	11,137
<b>Funds of the academy trust:</b>			
<b>Restricted income funds</b>			
Fixed asset fund	13	-	11,158
General fund	13	-	(21)
Pension fund	13	-	-
<b>Total restricted funds</b>		-	11,137
<b>Unrestricted income funds</b>			
General fund		-	-
<b>Total unrestricted funds</b>		-	-
<b>Total funds</b>		-	11,137

The financial statements on pages 15 to 31 were approved by the trustees, and authorised for issue on 9 December 2014 and are signed on their behalf by:



N Ward

Chair of Trustees

# LIVERPOOL LIFE SCIENCES UTC

## CASH FLOW STATEMENT FOR THE YEAR ENDED 31 AUGUST 2014

	Notes	2014 £000	2013 £000
<b>Net cash inflow from operating activities</b>	<b>16</b>	<b>400</b>	11,125
Capital expenditure	<b>17</b>	<b>(406)</b>	(11,158)
<b>Increase/(decrease) in cash in the year</b>		<u><b>(6)</b></u>	<u>(33)</u>
<b>Reconciliation of net cash flow to movement in net funds</b>			
Net funds at 1 September 2013		<b>6</b>	-
<b>Net funds at 31 August 2014</b>	<b>18</b>	<u><b>-</b></u>	<u><b>6</b></u>

### 1 Accounting policies

#### 1.1 Basis of preparation

The financial statements have been prepared under the historical cost convention in accordance with applicable United Kingdom Accounting Standards, the Charity Commission 'Statement of Recommended Practice: Accounting and Reporting by Charities' ('SORP 2005'), the Academies Accounts Direction 2013 to 2014 issued by EFA and the Companies Act 2006. A summary of the principal accounting policies, which have been applied consistently, except where noted, is set out below.

#### 1.2 Going concern

The trustees assess whether the use of going concern is appropriate i.e. whether there are any material uncertainties related to events or conditions that may cast significant doubt on the ability of the company to continue as a going concern. The trustees make this assessment in respect of a period of one year from the date of approval of the financial statements.

#### 1.3 Incoming resources

All incoming resources are recognised when Liverpool Life Sciences UTC has entitlement to the funds, certainty of receipt and the amount can be measured with sufficient reliability.

##### Grants receivable

Grants are included in the Statement of Financial Activities on a receivable basis. The balance of income received for specific purposes but not expended during the period is shown in the relevant funds on the balance sheet. Where income is received in advance of entitlement of receipt its recognition is deferred and included in creditors as deferred income. Where entitlement occurs before income is received, the income is accrued.

General Annual Grant is recognised in full in the year for which it is receivable and any unspent amount is reflected as a balance in the restricted general fund. Capital grants are recognised when receivable and are not deferred over the life of the asset on which they are expended. Unspent amounts of capital grant are reflected in the balance sheet as deferred income.

##### Other income

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

#### 1.5 Resources expended

All expenditure is recognised in the period in which a liability is incurred and has been classified under headings that aggregate all costs related to that category. Where costs cannot be directly attributed to particular headings they have been allocated on a basis consistent with the use of resources, with central staff costs allocated on the basis of time spent, and depreciation charges allocated on the portion of the asset's use. Other support costs are allocated based on the spread of staff costs.

##### Charitable activities

These are costs incurred on Liverpool Life Sciences UTC educational operations.

##### Governance costs

These include the costs attributable to Liverpool Life Sciences UTC compliance with constitutional and statutory requirements, including audit, strategic management and trustees' meetings and reimbursed expenses.

All resources expended are inclusive of irrecoverable VAT.

### 1 Accounting policies (continued)

#### 1.6 Tangible fixed assets

Assets costing £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. The related grants are credited to a restricted fund in the Statement of Financial Activities and carried forward in the Balance Sheet. Depreciation on such assets is charged to the restricted fixed asset fund in the Statement of Financial Activities so as to reduce the fund over the useful economic life of the related asset on a basis consistent with Liverpool Life Sciences UTC's depreciation policy.

Depreciation is provided on all tangible fixed assets other than freehold land, at rates calculated to write off the cost of each asset on a straight-line basis over its expected useful life, as follows:

Long leasehold buildings	Over 50 years
Fixtures, fittings and equipment	20% on cost
ICT equipment	25% on cost
Motor Vehicles	25% on cost

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

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

#### 1.7 Taxation

Liverpool Life Sciences UTC 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, Liverpool Life Sciences UTC 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.

#### 1.8 Fund Accounting

Unrestricted income funds represent those resources which may be used towards meeting any of the charitable objects of Liverpool Life Sciences UTC at the discretion of the trustees.

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

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

#### 1.9 Pensions Benefits

Retirement benefits to employees of Liverpool Life Sciences UTC 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 Liverpool Life Sciences UTC.

The TPS is an unfunded scheme and contributions are calculated so as to spread the cost of pensions over employees' working lives with Liverpool Life Sciences UTC 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 quinquennial valuations using a prospective benefit method. As stated in Note 21, the TPS is a multi-employer scheme and the academy trust is unable to identify its share of the underlying assets and liabilities of the scheme on a consistent and reasonable basis. The TPS is therefore treated as a defined contribution scheme and the contributions recognised as they are paid each year.

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 AUGUST 2014 (continued)

### 1 Accounting policies (continued)

#### 1.9 Pensions Benefits (continued)

The LGPS is a funded scheme and the assets are held separately from those of Liverpool Life Sciences UTC 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 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 gains and losses on settlements and curtailments. They are included as part of staff costs. Past service costs are recognised immediately in the Statement of Financial Activities if the benefits have vested. If the benefits have not vested immediately, the costs are recognised over the period until vesting occurs. The expected return on assets and the interest cost are shown as a net finance amount of other finance costs or credits adjacent to interest. Actuarial gains and losses are recognised immediately in other gains and losses.

### 2 Other incoming resources

	Unrestricted Funds £000	Restricted Funds £000	Total 2014 £000	Total 2013 £000
Pupil premium	-	18	18	-
Bursary fund	-	15	15	-
Sundry income	-	603	603	-
Other grants	-	19	19	-
Contributions to uniforms	1	-	1	-
Contributions to coaches	9	-	9	-
Contributions to trips	4	-	4	-
	14	655	669	-

### 3 Funding for the Academy Trust's educational operations

	Unrestricted Funds £000	Restricted Funds £000	Total 2014 £000	Total 2013 £000
<b>DfE/EFA grants</b>				
- General Annual Grant (GAG)	-	847	847	-
- Insurance	-	-	-	21
- Lead in costs Grant	-	-	-	126
- Project Management Grant	-	-	-	114
- Capital Grant	-	349	349	11,129
- Start-up Grant A	-	100	100	-
- Start-up Grant B	-	201	201	-
	-	1,497	1,497	11,390

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 AUGUST 2014 (continued)

### 4 Resources Expended

	Staff costs	Non pay expenditure		Total	Total
	£000	Premises £000	Other Costs £000	2014 £000	2013 £000
<b>Trust's educational operations</b>					
- Direct costs	784	389	326	1,499	67
- Allocated support costs	209	311	325	845	177
	<u>993</u>	<u>700</u>	<u>651</u>	<u>2,344</u>	<u>244</u>
Governance costs	-	-	29	29	9
	<u>993</u>	<u>700</u>	<u>680</u>	<u>2,373</u>	<u>253</u>

### Net Incoming/outgoing resources for the year include:

		2014 £000	2013 £000
Fees payable to auditor	- audit	4	1
	- other services	2	-

5 Charitable activities – Trust’s educational operations

	Unrestricted Funds £000	Restricted Funds £000	Total 2014 £000	Total 2013 £000
<b>Direct costs</b>				
Teaching and educational support staff costs	-	784	784	67
Depreciation	-	389	389	-
Examination fees	-	37	37	-
Technology costs	-	49	49	-
Coaches	9	112	121	-
Educational supplies	-	112	112	-
Furniture and room hire	-	7	7	-
	9	1,490	1,499	67
<b>Allocated support costs</b>				
Support staff costs	-	209	209	36
Staff development	-	18	18	-
Project management	-	-	-	107
Management charges	-	53	53	-
Maintenance of premises and equipment	-	38	38	-
Car park	-	22	22	-
Cleaning and waste disposal	-	59	59	-
Rates and water	-	52	52	-
Heat and light	-	140	140	-
Insurance	-	24	24	21
Security	-	6	6	-
Travel and visits	4	16	20	-
Printing, photocopying, postage and advertising	-	108	108	13
Free school meals	-	51	51	-
Telephone	-	9	9	-
Catering	-	10	10	-
Uniforms	1	10	11	-
Bank charges	-	1	1	-
New protocol / Perm Ex costs	-	2	2	-
Health and safety	-	1	1	-
Subscriptions	-	8	8	-
Other support costs	-	3	3	-
	5	840	845	177
	14	2,330	2,344	244

6 Governance costs

	Unrestricted Funds £000	Restricted Funds £000	Total 2014 £000	Total 2013 £000
Audit fees	-	4	4	1
Legal and professional fees	-	25	25	8
	-	29	29	9
	-	29	29	9



## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 AUGUST 2014 (continued)

### 7 Staff

#### a. Staff costs

Staff costs during the period were:

	2014 £000	2013 £000
Wages and salaries	724	84
Social security costs	57	9
Pension cost	112	10
	893	103
 Supply teacher costs	 100	 -
	993	103

#### b. Staff severance payments

There were no staff severance payments in the year.

#### c. Staff numbers

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

	2014 No.	2013 No.
Teachers	16	1
Administration and support	14	1
	30	2

#### d. Higher paid staff

The number of employees whose emoluments fell within the following bands was:

	2014 No.	2013 No.
£60,001 to £70,000	2	1
£80,001 to £90,000	1	-

Three of the higher paid employees participated in the Teachers' Pension Scheme. During the year ended 31 August 2014, employer pension contributions for these staff amounted to £23,390 (2013: £nil).

### 8 Trustees' remuneration and expenses

The value of trustee/governors' remuneration was as follows:

	2014	2013
P Lloyd (Principal)	£70,000-£80,000	(£60,000-£70,000)
J Moore	£30,000-£40,000	-

During the year ended 31 August 2014, no expenses were paid to trustees.

### 9 Trustees' and officers' insurance

In accordance with normal commercial practice Liverpool Life Sciences UTC has purchased insurance to protect trustees and officers from claims arising from negligent acts, errors or omissions occurring whilst on Trust business. The insurance provides cover up to £5,000,000 on any one claim. The cost for the year ended 31 August 2014 was covered by the schools sponsor, Liverpool Life Sciences UTC.

**NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 AUGUST 2014 (continued)**

**9 Trustees' and officers' insurance (continued)**

The cost of this insurance is included in the total insurance cost.

**10 Tangible fixed assets**

	Leasehold property	Computer equipment	Furniture and equipment	Motor vehicles	Total
	£000	£000	£000	£000	£000
<b>Cost</b>					
At 1 September 2013	10,317	451	365	25	<b>11,158</b>
Additions	65	225	116	-	<b>406</b>
Disposals	(4)	-	(6)	-	<b>(10)</b>
Transfers	(10,378)	(676)	(475)	(25)	<b>(11,554)</b>
<b>At 31 August 2014</b>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<b>Depreciation</b>					
At 1 September 2013	-	-	-	-	-
Charge for the year	173	134	77	5	<b>389</b>
Transfers	(173)	(134)	(77)	(5)	<b>(389)</b>
<b>At 31 August 2014</b>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<b>Net book values</b>					
<b>At 31 August 2014</b>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
At 31 August 2013	<u>10,317</u>	<u>451</u>	<u>365</u>	<u>25</u>	<u><b>11,158</b></u>

Regarding Liverpool Life Sciences UTCs transactions relating to land and buildings, during the year all the assets of Liverpool Life Sciences UTC were transferred to Northern Schools Trust including the leasehold for the Contemporary Urban Centre at Greenland Street, Liverpool over a term of years expiring October 2131.

**11 Debtors**

	2014 £000	2013 £000
VAT recoverable	-	1,029
Prepayments and accrued income	-	623
	<u>-</u>	<u>1,652</u>

**12 Creditors**

	2014 £000	2013 £000
Trade creditors	-	463
Other creditors	-	1,119
Accruals	-	97
	<u>-</u>	<u>1,679</u>

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 AUGUST 2014 (continued)

### 13 Funds

	Balance at 1 September 2013 £000	Incoming resources £000	Resources expended £000	Gains, losses and transfers £000	Balance at 31 August 2014 £000
<b>Restricted general funds</b>					
General Annual Grant (GAG)	-	847	(847)	-	-
Start-up grants	(21)	301	(280)	-	-
Other DfE grants	-	382	(382)	-	-
Other grants	-	622	(622)	-	-
Deficit Transferred	-	262	-	(262)	-
	<u>(21)</u>	<u>2,414</u>	<u>(2,131)</u>	<u>(262)</u>	<u>-</u>
<b>Restricted fixed asset fund</b>					
Capital expenditure from GAG	-	-	(406)	406	-
Capital grant	11,158	-	413	(11,571)	-
	<u>11,158</u>	<u>-</u>	<u>7</u>	<u>(11,165)</u>	<u>-</u>
<b>Total restricted funds</b>	<u>11,137</u>	<u>2,414</u>	<u>(2,124)</u>	<u>(11,427)</u>	<u>-</u>
<b>Unrestricted funds</b>					
Unrestricted funds	-	14	(14)	-	-
<b>Total unrestricted funds</b>	<u>-</u>	<u>14</u>	<u>(14)</u>	<u>-</u>	<u>-</u>
<b>Total funds</b>	<u>11,137</u>	<u>2,428</u>	<u>(2,138)</u>	<u>(11,427)</u>	<u>-</u>

The specific purposes for which the funds of Liverpool Life Sciences UTC are to be applied are as follows:

The General Annual Grant (GAG) is used to meet the day to day working capital commitments of Liverpool Life Sciences UTC. Under the funding agreement with the Secretary of State, Liverpool Life Sciences UTC was not subject to a limit on the amount of GAG that it could carry forward at 31 August 2014.

The Start Up Grant is used to meet the costs of purchasing basic stock and teaching materials, the transitional costs and the diseconomies of scale arising on opening of Liverpool Life Sciences UTC.

The other DfE/EFA grants is made up of amounts received for pupil premium, capital grants and the bursary fund.

The pension fund relates to the Liverpool Life Sciences UTC's share of the deficit of the Local Government Pension Scheme (note 21).

The capital grant has been used to fund the costs to date of the new school building and certain computer equipment.

### 14 Capital commitments

There are no capital commitments contracted for but not provided in the financial statements.

### 15 Financial commitments

Liverpool Life Sciences UTC has no annual commitments under non-cancellable operating leases.

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 AUGUST 2014 (continued)

### 16 Reconciliation of consolidated operating (deficit)/surplus to net cash inflow from operating activities

	2014 £000	2013 £000
Net income	(11,110)	11,137
Assets transferred to Northern Schools Trust	11,165	-
Pension deficit lost on transfer	(50)	-
Depreciation (note 10)	389	-
(Loss)/profit on disposal of tangible fixed assets	10	-
FRS17 pension cost less contributions payable	12	-
FRS17 pension finance cost	(2)	-
FRS17 business combinations	13	-
(Increase)/decrease in debtors	1,652	(1,617)
Increase/(decrease) in creditors	(1,679)	1,605
<b>Net cash inflow from operating activities</b>	<b>400</b>	<b>11,125</b>

### 17 Capital expenditure and financial investment

	2014 £000	2013 £000
Purchase of tangible fixed assets	(406)	(11,158)
<b>Net cash outflow from capital expenditure and financial investment</b>	<b>(406)</b>	<b>(11,158)</b>

### 18 Analysis to changes in net funds

	At 1 September 2013 £000	Cash flows £000	At 31 August 2014 £000
Cash in hand and at bank	39	(39)	-
	39	(39)	-

### 19 Contingent liabilities

During the period of the Funding Agreement, in the event of the sale or disposal by other means of any assets for which a Government capital grant was received, Liverpool Life Sciences UTC is required either to re-invest the proceeds or to repay the EFA the same proportion of the proceeds of the sale or disposal as equates with the proportion of the original cost met by the Secretary of State.

Upon termination of the Funding Agreement, whether as a result of the Secretary of State or Liverpool Life Sciences UTC serving notice, Liverpool Life Sciences UTC shall repay to the Secretary of State sums determined by reference to:

- (a) the value, at the time, of Liverpool Life Sciences UTC 's sites and premises and other assets held for the purpose of Liverpool Life Sciences UTC; and
- (b) the extent to which expenditure incurred in providing those assets was met by payments by the Secretary of State under the Funding Agreement.

### 20 Members' liability

Each member of the charitable company undertakes to contribute to the assets of the company in the event of it being wound up while he/she is a member, or within one year after he/she ceases to be a member, such amount as may be required, not exceeding £10 for the debts and liabilities contracted before he/she ceases to be a member.

**21 Pension and similar obligations**

Liverpool Life Sciences UTC'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 The Merseyside Pension Fund. Both are defined-benefit schemes.

The pension costs are assessed in accordance with the advice of independent qualified actuaries. The latest actuarial valuation of the TPS was 31 March 2004 and of the LGPS 31 March 2013.

No contributions were payable to the schemes at 31 August.

**Teachers' Pension Scheme****Introduction**

The Teachers' Pensions Regulations (2010) and, from 1 April 2014, by the Teachers' Pension Scheme Regulations 2014. Membership is automatic for full-time teachers in academies and, from 1 January 2007, automatic for teachers in part-time employment following appointment or a change of contract, although they are able to opt out.

The TPS is an unfunded scheme and members contribute on a 'pay as you go' basis – these contributions along with those made by employers are credited to the Exchequer. Retirement and other pension benefits are paid by public funds provided by Parliament.

The Teachers' Pensions Regulations require an annual account to be kept of receipts and expenditure (including the cost of pensions' 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.

**Valuation of the Teachers' Pension Scheme**

At the last valuation, the contribution rate to be paid into the TPS was assessed in two parts. First, a standard contribution rate (SCR) was determined. This is the contribution, expressed as a percentage of the salaries of teachers and lecturers in service or entering service during the period over which the contribution rate applies, which if it were paid over the entire active service of these teachers and lecturers would broadly defray the cost of benefits payable in respect of that service. Secondly, a supplementary contribution is payable if, as a result of the actuarial review, it is found that accumulated liabilities of the account for benefits to past and present teachers, are not fully covered by standard contributions to be paid in future and by the notional fund built up from past contributions. The total contribution rate payable is the sum of the SCR and the supplementary contribution rate.

The last valuation of the TPS related to the period 1 April 2001 to 31 March 2004. The Government Actuary's report of October 2006 revealed that the total liabilities of the Scheme (pensions in payment and the estimated cost of future benefits) amounted to £166,500 million. The value of the assets (estimated future contributions together with the proceeds from the notional investments held at that valuation date) was £163,240 million. The assumed real rate of return was 3.5% in excess of prices and 2% in excess of earnings. The rate of real earnings growth was assumed to be 1.5%. The assumed gross rate of return was 6.5%. From 1 January 2007, the SCR was assessed at 19.75%, and the supplementary contribution rate was assessed to be 0.75% (to balance assets and liabilities as required by the regulations within 15 years). This resulted in a total contribution rate of 20.5%, which translated into an employee contribution rate of 6.4% and employer contribution rate of 14.1% payable.

The Public Service Pensions Bill provides for future scheme valuations to be conducted in accordance with Treasury directions. The actuarial valuation report in summer 2014 takes effect from September 2015.

**Teachers' Pension scheme changes**

Lord Hutton made recommendations in 2011 about how pensions can be made sustainable and affordable, whilst remaining fair to the workforce and the taxpayer. The Government accepted Lord Hutton's recommendations as the basis for consultation with trade unions and other representative bodies. In March 2012 the Department for Education published proposals for the design for a reformed TPS.

**21 Pension and similar obligations (continued)**

**Teachers' Pension scheme changes (continued)**

The key provisions of the reformed scheme include: a pension based on career average earnings; an accrual rate of 1/57th; and a Normal Pension Age equal to State Pension Age, but with options to enable members to retire earlier or later than their Normal Pension Age. Pension benefits built up before 1 April 2015 will be fully protected.

In addition, the proposed final agreement includes a Government commitment that those within 10 years of normal pension age on 1 April 2012 will see no change to the age at which they can retire, and no decrease in the amount of pension they receive when they retire. There will also be further transitional protection, tapered over a three and a half year period, for people who would fall up to three and a half years outside of the 10 year protection.

In his interim report of October 2010, Lord Hutton recommended that short-term savings were also required, and that the only realistic way of achieving these was to increase member contributions. At the Spending Review 2010 the Government announced an average increase of 3.2 percentage points on the contribution rates by 2014-15. The increases have been phased in since April 2012 on a 40:80:100% basis.

The Department for Education has continued to work closely with trade unions and other representatives bodies to develop the reformatted Teachers' Pension Scheme and regulations giving effect to it came into force on 1 April 2014. Communications are being rolled out and the reformatted scheme will commence on 1 April 2015.

Under the definitions set out in Financial Reporting Standard (FRS 17) Retirement Benefits, the TPS is a multi-employer pension scheme. The academy is unable to identify its share of the underlying assets and liabilities of the scheme. Accordingly, the academy has taken advantage of the exemption in FRS 17 and has accounted for its contributions to the scheme as if it were a defined contribution scheme. The academy has set out above the information available on the scheme.

**Local Government Pension Scheme**

The LGPS is a funded defined-benefit scheme, with the assets held in separate trustee-administered funds. The total contribution made for the year ended 31 August 2014, to the point of transfer was £28,630, of which employer's contributions totalled £17,475 and employees' contributions totalled £11,155. The agreed contribution rates for future years is 10.0 per cent for employers and 5.5 -12.5 per cent for employees.

**Principal actuarial assumptions**

	2014	2013
Rate of increase in salaries	3.7%	-
Rate of increase for pensions in payment / inflation	2.2%	-
Discount rate for scheme liabilities	4.0%	-
Inflation assumption (CPI)	2.2%	-
Commutation of pensions to lump sums	50%	-

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

	2014	2013
<i>Retiring today</i>		
Males	22.3	-
Females	25.2	-
<i>Retiring in 20 years</i>		
Males	24.7	-
Females	28.0	-

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 AUGUST 2014 (continued)

21 Pension and similar obligations (continued)

Local Government Pension Scheme (continued)

The following represents information extracted from the pension valuation report as at the 31<sup>st</sup> August 2014 but adjusted for the transfer to the Northern Schools Trust as at 27<sup>th</sup> June 2014.

The Trust's share of the assets and liabilities in the scheme and the expected rates of return were:

	Expected return at 31 Aug 14 %	Fair value at 31 Aug 14 £000	Expected return at 31 Aug 13 %	Fair value at 31 Aug 13 £000
Equities	7.0	164	-	-
Government bonds	2.9	37	-	-
Other bonds	3.8	7	-	-
Property	6.2	22	-	-
Cash/liquidity	0.5	12	-	-
Other	7.0	31	-	-
<b>Total market value of assets</b>		<b>273</b>		<b>-</b>
Present value of scheme liabilities - funded		<b>(323)</b>		<b>-</b>
<b>Deficit in the scheme</b>		<b>(50)</b>		<b>-</b>

The actual return on scheme assets was £273,000 (2013: £nil).

Amounts recognised in the statement of financial activities

	2014 £000	2013 £000
Current service cost (net of employee contributions)	27	-
Past service cost (gain)	0	-
<b>Total operating charge</b>	<b>27</b>	<b>-</b>

Analysis of pension finance income/(costs)

Expected return on pension scheme assets	(14)	-
Interest on pension liabilities	12	-
<b>Pension finance income / (costs)</b>	<b>(2)</b>	<b>-</b>

The actuarial gains and losses for the current year are recognised in the statement of financial activities. The cumulative amount of actuarial gains and losses recognised in the statement of financial activities since the adoption of FRS 17 is a £50,000 loss (2013: £nil).

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 AUGUST 2014 (continued)

### 21 Pension and similar obligations (continued)

#### Local Government Pension Scheme (continued)

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

	2014 £000	2013 £000
<b>At 1 September</b>		-
Current service cost	27	-
Interest cost	12	-
Employee contributions	12	-
Past service cost (gain)	-	-
Actuarial (gain)/loss	40	-
Benefits paid	-	-
Business combinations	232	-
<b>At 31 August</b>	<b>323</b>	-

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

	2014 £000	2013 £000
<b>At 1 September</b>		-
Assets transferred on Liverpool Life Sciences UTC joining	-	-
Expected return on assets	14	-
Actuarial gains / (losses)	9	-
Business combinations	221	-
Employer contributions	17	-
Employee contributions	12	-
Benefits paid	-	-
<b>At 31 August</b>	<b>273</b>	-

The estimated value of employer contributions for the year ended 31 August 2015 is £Nil.

The five-year history of experience adjustments is as follows:

	2014 £000
Present value of defined benefit obligations	323
Fair value of share of scheme assets	(273)
<b>Deficit in the scheme</b>	<b>50</b>
Experience adjustments on share of scheme assets	273
Experience adjustments on scheme liabilities	(323)



## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 AUGUST 2014 (continued)

### 22 Transfer to Northern Schools Trust

Liverpool Life Sciences UTC joined the Northern Schools Trust on 27 June 2014. The following closing balances transferred to the trust:

	<b>£000</b>	<b>£000</b>
Fixed assets		11,165
Debtors	1,373	
Creditors	<u>(1,585)</u>	
		(212)
Pension deficit		<u>(50)</u>
<b>Total transfer</b>		<b><u>10,903</u></b>

### 23 Related party transactions

Owing to the nature of the Trust's operations and the composition of the board of governors being drawn from local public and private sector organisations, it is inevitable that transactions will take place with organisations in which a member of the board of governors may have an interest. All transactions involving such organisations are conducted at arm's length and in accordance with the Trust's financial regulations and normal procurement procedures.

Before joining the Northern Schools Trust, the Northern Schools Trust acted as sponsor to Liverpool Life Sciences UTC. The trust granted £63,333 for the period. Liverpool Life Sciences UTC also recharged management charges £269,315 relating to trust marketing, staff costs and shared IT software. The trust charged Liverpool Life Sciences UTC £27,240 for shared services such as human resources, financial services, marketing, data, IT services and facilities management.

In addition Liverpool Life Sciences UTC acted as landlord to The Studio, Liverpool, a school within the Northern Schools Trust. Before joining the trust Liverpool Life Sciences UTC recharged £26,230 for catering, £57,757 for transport and £74,429 for management charges in relation to shared services.

During the year M Hughes, a relation of S Hughes, provided building maintenance totalling £9,505 (2013: £nil). The balance due to M Hughes at the balance sheet date was £nil. All transactions were made at arm's length.