

WEST KIRBY SCHOOL AND COLLEGE

# West Kirby Residential School

Report of the Directors

And

Financial Statements

Annual Report

For the Period End

31 August 2020

Company No: 200018

Charity No: 207790

*WEST KIRBY RESIDENTIAL SCHOOL  
138th ANNUAL REPORT  
FOR THE PERIOD ENDING 31 AUGUST 2020*

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## **INTRODUCTION BY THE PRESIDENT**

During the latter part of 2019, a management decision was taken to re-align the charity's financial year to the academic year; resulting in this longer 17-month accounting period for the charity.

Over the course of the last 17-months, the school, its staff, pupils and parents, have all admirably embraced and navigated through a time of change, some of which could not have been anticipated or imagined; bringing with it opportunity and challenge in equal measure. The whole school community has truly been remarkable.

Miss Sian Thomas joined West Kirby School as its new Principal in September 2019, taking over the mantle from Mr Iain Sim. Miss Thomas has galvanised the staff team around her bold vision that the work of the school should 'change children's lives', and excellent work has been started to turn that vision into a reality.

In March 2020, events began to unfold across the world that nobody could have imagined or anticipated. A health emergency in the form of a global pandemic was rapidly developing and heading for UK shores. This would be a worrying and testing time for all of us in Great Britain, and equally for the school community and its new Principal (at such an early stage in their tenure). The way the school has pulled together and faced the challenges that COVID-19 has brought is to be applauded and admired.

Throughout the pandemic, the school has remained open and continued to provide a wide range of subjects and activities, whilst supporting the health and wellbeing of pupils and staff. Imagination, ingenuity and creativity have all been required to deliver rich and engaging learning opportunities for the young people of the school and the staff have truly 'gone the extra mile' to deliver this.

The cooperation and support from parents to adapt to these circumstances has been essential and it cannot be underestimated what an important role they have played.

More than 'steady the ship', the school has moved forwards in so many ways during this time. My gratitude and thanks go out to all; from the Directors and Governors who have supported the Leadership Team, to the dedicated Teachers who have displayed remarkable agility in the way learning experiences have been delivered, to the school's Domestic Team, who have worked tirelessly to clean the school to keep everyone safe.

During a time that has presented us with much uncertainty, the whole school community is to be congratulated for its achievements and in the way that those achievements have been made. There is excitement and optimism for the future and whatever the next year brings, I am confident the school will rise to those challenges and opportunities and face them head on. With my sincere thanks to all.

Anthony Shone D.L.  
President

## **REPORT OF THE TRUSTEES (DIRECTORS)**

### **REFERENCE AND ADMINISTRATIVE DETAILS**

Charity name:	West Kirby Residential School
Charity registration number:	207790
Company registration number:	00200018
Registered office and operational address:	Meols Drive, West Kirby, Wirral, CH48 5DH

### **Board of Directors**

John Wylie		Chair Person
John Hughes	(Resigned in year 6/03/20)	Vice-Chair Person
Brian Boumphrey		Director
Neville Lumb		Director
Mark Dickinson		Director
Elizabeth Thorne	(Appointed in year 1/04/19)	Director

### **Company Secretary**

Luke Cowell	(Appointed in year)
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### **Board of Governors**

John Wylie		Chair Person
John Hughes	(Resigned in year)	Vice-Chair Person
Stephen Peacock		Parent Governor
Val Daglish		Governor
Mark Dickinson		Governor
Councillor Andrew Gardner		Wirral LA Governor
Lynda Powner		Staff Governor
Dr Elizabeth Thorne		Governor
Emma Mottram		Governor



## **REPORT OF THE TRUSTEES (DIRECTORS) /cont'd**

### **REFERENCE AND ADMINISTRATIVE DETAILS**

#### **Principal**

Sian Thomas (Appointed in year)

#### **Operations Director**

Luke Cowell (Appointed in year)

#### **Senior Leadership Team**

Stephen Hulme	Assistant Headteacher
Peter Smith	Deputy Headteacher
Nicola Tolley (Resigned in year)	Head of Integrated Services
Sarah Wilkinson	Deputy Headteacher
Elizabeth Wynne	Deputy Headteacher

#### **Auditors**

McEwan Wallace Limited, Chartered Accountants, 68 Argyle Street, Wirral, CH41 6AF

#### **Bankers**

Barclays Bank plc, West Kirby Branch, North Wirral Group, 2 Liscard Village, Wallasey, Merseyside CH45 4JS

#### **Solicitors**

The Honorary School Solicitors are Maxwell Hodge, 34 Grange Road, West Kirby, Wirral, Merseyside CH48 4EF.

## **REPORT OF THE TRUSTEES (DIRECTORS) /cont'd**

### **STRUCTURE, GOVERNANCE AND MANAGEMENT**

#### **Governing document**

West Kirby Residential School (the School) was established in 1881 as the Children's Convalescent Home and was incorporated in 1924. The Memorandum and Articles of Association of the School were revised and approved in 2000.

The School is a company limited by guarantee, Registered Number 200018, and has no share capital. It is also a charity registered under the Charities Act 1960, Registered Number 207790. In the event of the company being wound up members are required to contribute an amount not exceeding £10.

#### **Recruitment and appointment of the Directors**

The Directors of the company are also the Charity Trustees for the purposes of charity law. The Directors must be Members of the School and be re-appointed at the Annual General Meeting on a rotating basis. They can also be appointed at any other time throughout the year subject to Board approval. Directors may at any time resign their office by a notice in writing or be retired by a resolution of at least three-fourths of the members present. Directors shall ipso facto vacate their office if they cease to be a member of the School. A Terms of Reference Document was agreed in 2019 to support the role of the Directors and Governors of the school.

#### **Trustee induction and training**

There is a Recruitment Policy and Procedure in place for all Directors and Governors of the School (revised summer 2018). The Chairman and Officers provide induction and training, through reading material and attendance at courses. The Recruitment Policy and Procedure in place for the appointment of all officers and staff to the school follows all current Safeguarding guidelines.

New Directors are inducted in the workings of the charity and the School, including Board Policy and Procedures, through initial meetings with the Chair, Principal and Operations Director. Ongoing training and updates are made available through various presentations at Board meetings, inset days and accessing specific training courses provided by the Wirral Metropolitan Borough Council and/or others.

### **Organisational Structure**

#### **Board of Directors**

The Board of Directors is responsible for managing the company and all financial aspects of the School and ensuring that the school meets all obligations placed upon it by the Charity Commission, Company and Employment Law and the Health and Safety Executive. This includes:

- Planning and conducting its affairs to remain solvent.
- Establishing proper financial management arrangements, accounting procedures and maintaining a sound system of internal controls.
- Ensuring that funding from sources other than fees is used only in accordance with the conditions attached.

## **REPORT OF THE TRUSTEES (DIRECTORS) /cont'd**

The full Board of Directors meets regularly throughout the year, with meetings scheduled to meet financial and other deadlines.

### **Board of Governors**

The Board of Governors of the School is responsible for ensuring that the School meets all obligations placed upon it by the Secretary of State for Education and the Commission for Social Care Inspectorate. The full Board of Governors meets at least once a term.

### **The Principal**

The Principal has overall responsibility to the Board of Directors for the ongoing success of the school including its day-to-day financial management. Whilst the Principal retains ultimate responsibility, in practice, much of this day-to-day financial management is delegated to the school's Operations Director.

### **The Operations Director**

The Operations Director is responsible to the Principal and the Board of Directors for ensuring that financial management and procedures are implemented.

### **Risk Management Policy**

The Directors annually review the risks, which the charity faces, and there are procedures to continuously monitor risk situations. All high-risk areas have been identified and the Directors have ensured that appropriate action plans or contingency arrangements are in place.

### **Whistle Blowing Policy**

The Policy outlines the School's commitment to tackling fraud and other forms of malpractice and treats these issues seriously. The School recognises that some concerns may be extremely sensitive and has therefore developed a system, which allows for the confidential raising of concerns within the school environment.

## **OBJECTIVES AND ACTIVITIES**

The objects of the charity are the education and care of children with complex special needs, who are recognised by their Local Education Authority as having learning, social, emotional, mental health and behavioural challenges.



## **REPORT OF THE TRUSTEES (DIRECTORS) /cont'd**

In order to meet those objectives the Directors set out in the Annual School Development Plan a set of strategic aims:

1. To share the high expectation that children and young people at the school achieve at least five GCSEs or equivalent (depending on ability).
2. To ensure young people leave school with a good reading level.
3. To support, enable and develop CYP who have previously struggled to access education (including being PEX) to self-regulate and manage their social emotional, mental health and physical needs both within the school environment and in life.
4. To encourage CYP to become respectful members of society who are community minded, contribute to charitable causes understand Protected Characteristics and uphold British Values.
5. To enable young people to be proactive, enterprising, aspirational and career minded.
6. To ensure that CYP and their parents/carers feel pride in their achievements and a developed/developing self-esteem.
7. To develop independence and resilience in pupils.
8. To enable staff to feel pride in and be aspirational for their pupils and for themselves.

### **Community Support**

The majority of staff in school is salaried. However, a number of local people attend giving voluntary service to the School during term in one or more of the following areas; the classrooms, the residential units or on school visits and camps. The School would like to take this opportunity to say how much their continuing and valuable support for our pupils is appreciated. Staff at the School are extremely grateful to all those who give their time voluntarily in supporting the children and young people; not least of those are the Directors and Governors.

### **Public Benefit**

The Trustees have carefully considered the Charity Commission's general guidance on public benefit and in particular its supplementary public benefit guidance on advancing education and on fee-charging. The Trustees consider that the school meets the 'Public Benefit' requirement through the advancement of education, which provides benefit to both pupils and the wider community, and that there are no unreasonable restrictions on participation.



## **REPORT OF THE TRUSTEES (DIRECTORS) /cont'd**

### **ACHIEVEMENTS AND PERFORMANCE**

The strategic aims are met through departmental objectives, which are set out by the Senior Leadership Team. From these objectives the School Development Plan for the current year is prepared and approved by the Board. Ongoing progress monitoring is carried out by the Senior Leadership Team, reviewed termly and an evaluation report presented to the Board annually.

Children continue to perform up to and above their expected progress. The school's onsite therapeutic services have meant that our pupils with more challenging behaviours have been able to access the full curriculum delivered by the teaching staff.

The school has embarked upon a journey of refreshing and modernising its premises this year (externally and internally) and this work will continue to provide pupils and staff with high quality surroundings to do their best work.

### **FINANCIAL REVIEW**

The Directors, as Trustees, have a prime directive to protect the assets of the charity.

The School's principal funding source is through fees charged to Local Authorities. These are reviewed annually by the Directors and set at a level to enable the School to meet current commitments, support future development and ensure the School remains at the forefront of providing for children and young people with complex difficulties and Special Educational Needs. The increased complexity of some of our young people requires additional staffing support in some areas and a fee banding structure is in place.

We continue to work closely with Local Authorities to help them understand what services are provided for the fees paid, and we are committed to reviewing the fee structures further.

As the employer, the Trustees remain ever mindful of the pension scheme liability despite closing the scheme to future accrual in July 2010. Following the Triennial review as at 1 April 2019, a revised Recovery Plan was put in place and fully implemented during this financial period. The next official Triennial Valuation is due at the end of March 2022.

The Directors consider the state of the charity's accounts to be satisfactory with a net income before pension adjustments and investment gains of £1,637,891 for the 17 month period (prior year £564,428). The reported overall surplus of £1,591,467 includes an actuarial loss to the WKRS pension plan of £515,000 resulting from unfavourable changes in the assumptions used to assess the value of the scheme's liabilities. The pension scheme deficit as at 31 August 2020 (on a FRS102 accounting basis) is £2,079,000 (prior year £2,926,000).

#### **Investment policy**

Investments, which are held as fixed assets, are included in the financial statements at market value. No restrictions apply to the School's investment powers in respect of school funds. Currently the School holds a small investment in COIF, the remaining available funds being invested in deposit accounts.

## **REPORT OF THE TRUSTEES (DIRECTORS) /cont'd**

### **Reserves Policy**

Due to fundamental uncertainties surrounding the school's income and the ever-increasing expenditure requirements, the Directors believe that the free reserves should, where possible, be a minimum of six months of anticipated operating expenditure before pension adjustments. At 2019/20 levels, this would be £2,265,000. At 30 August 2020, the free reserves amounted to £2,750,000, representing 7.3 months of anticipated expenditure. The free reserves used to derive these figures are the 'other net current assets' of the General Fund (see note 23 to the accounts).

### **PLANS FOR THE FUTURE**

With a new Principal in post, who has set out a bold vision for the school and a clear roadmap for the next year (in the form of the School Development Plan), all activities will point towards and support the school's aim to 'change children's lives'.

Directors and Governors are committed to the continued services and provisions of the charity in these challenging times, and have confidence in the Leadership Team and staff body as they continue to deliver rich life and learning experiences, in engaging and impactful ways.

### **TRUSTEES RESPONSIBILITIES**

The Directors, who are Trustees for the purposes of charity law, are required by company law to prepare financial statements for each financial period which give a true and fair view of the state of the affairs of the charitable company as at the balance sheet date and of its incoming resources and application of resources, including income and expenditure, for the financial period. In preparing these financial statements, the Trustees are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and estimates that are reasonable and prudent; 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 Directors are responsible for keeping adequate accounting records, safeguarding assets, and taking reasonable steps for the prevention and detection of fraud or other irregularities. They must also, in determining how amounts are analysed within items in the Statement of Financial Activities, Income and Expenditure Account and Balance Sheet, have regard to the substance of the reported transaction or arrangement, in accordance with generally accepted accounting principles or practice.

### **STATEMENT AS TO DISCLOSURE OF INFORMATION TO AUDITORS**

So far as the Directors are aware, there is no relevant audit information (as defined by section 418 of the Companies Act 2006) of which the company's auditors are unaware, and each trustee has taken all the steps that they ought to have taken as a trustee in order to make themselves



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aware of any relevant audit information and to establish that the company's auditors are aware of the information.

**AUDITORS**

The auditors, McEwan Wallace Limited, will be proposed for re-appointment in accordance with Section 485 of the Companies Act 2006.

This report has been prepared in accordance with the Statement of Recommended Practice: Accounting and Reporting by Charities (issued July 2014).

**ON BEHALF OF THE BOARD:**

Signed LM Wyke Date: 26 Mar 2021  
J Wyke - Chair

## **REPORT OF THE INDEPENDENT AUDITOR TO THE MEMBERS**

### **Opinion**

We have audited the financial statements of West Kirby Residential School for the period ended 31 August 2020 which comprise specify the titles of the primary statements such as the Statement of Financial Activities, the Summary Income and Expenditure Account, the Balance Sheet and the related notes, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law 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).

In our opinion the financial statements:

- Give a true and fair view of the state of the charitable company's affairs as at 31 August 2020 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
- Have been prepared in accordance with the requirements of the Companies Act 2006.

### **Basis for opinion**

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the Auditors' responsibilities for the audit of the financial statements section of our report. We are independent of the company in accordance with the ethical requirements that are relevant to our audit of the financial statements 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 were:

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

### **Other information**

The Trustees are responsible for the other information. The other information comprises the information in the Report of the Trustees, but does not include the financial statements and our Report of the Auditors thereon. Our opinion on the financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information; we are required to report that fact. We have nothing to report in this regard.

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

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

- Information given in the Report of the Trustees for the financial year for which the financial statements prepared is consistent with the financial statements; and
- The Report of the Trustees has 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 charitable company and its environment obtained in the course of the audit, we have not identified material misstatements in the Report of the Trustees.

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 financial statements are not in agreement with the accounting records and returns; 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 set out on page 9, the Trustees are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the Trustees determine necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

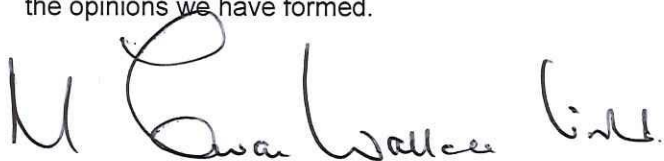
In preparing the financial statements, the Trustees are responsible for assessing the charitable company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Trustees either intend to liquidate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

**Auditors' responsibilities for the audit of the financial statements**

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue a Report of the Auditors that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements. A further description of our responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website at [www.frc.org.uk/auditorsresponsibilities](http://www.frc.org.uk/auditorsresponsibilities). This description forms part of our Report of the Auditors.

**Use of our report**

This report is made solely to the charitable company's Trustees, 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 Trustees those matters we are required to state to them in a Report of the Auditors 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 Trustees as a body, for our audit work, for this report, or for the opinions we have formed.



Alastair Gould FCA  
For and on behalf of McEwan Wallace Limited  
Statutory auditor  
68 Argyle Street  
Birkenhead  
CH41 6AF

Date: 26 May 2021

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

	Notes	2020	2020	2020	17 months to 31/08/20	12 months to 31/03/19
		Unrestricted Fund £	Other Restricted Fund £	Endowment Fund £	Total Funds £	Total Funds £
<b>Incoming Resources</b>						
Donations and legacies		11,570	-	-	11,570	4,178
Hiring of facilities		11,080	-	-	11,080	7,744
Income from investments		932	-	4,804	5,736	3,715
<b>Income from charitable activities:</b>						
School Fees	3.1	7,723,532	-	-	7,723,532	5,338,219
Grants Received	3.2	298,545	-	-	298,545	15,096
Contribution to school trips		251	-	-	251	225
<b>Other Income</b>						
Other income	3.3	2,339	-	-	2,339	951
Property Rental Income		5,138	-	-	5,138	-
Expected Return on Pension Scheme Assets		200,000	-	-	200,000	145,000
<b>Total income and endowments</b>		<b>8,253,387</b>	<b>-</b>	<b>4,804</b>	<b>8,258,191</b>	<b>5,515,128</b>
<b>Resources expended</b>						
<b>Expenditure on raising funds</b>						
Costs of generating voluntary income	5	399	-	-	399	387
Costs of generating funds	6	2,561	-	-	2,561	2,486
<b>Expenditure on charitable activities</b>	4	<b>6,740,987</b>	<b>28,353</b>	<b>-</b>	<b>6,769,340</b>	<b>5,219,826</b>
<b>Total Resources Expended</b>		<b>6,743,947</b>	<b>28,353</b>	<b>-</b>	<b>6,772,300</b>	<b>5,222,700</b>
Net gains/(losses) on investments	9	-	-	11,576	11,576	6,936
<b>Net income/(expenditure)</b>		<b>1,509,441</b>	<b>(28,353)</b>	<b>16,380</b>	<b>1,497,467</b>	<b>299,364</b>
Transfer between funds		(9,289)	-	9,289	-	-
<b>Other recognised gains/losses</b>						
Actuarial gains/(losses) on defined benefit pension scheme	27	(515,000)	-	-	(515,000)	(332,000)
(Shortfall)/Gain on expected return on assets	27	609,000	-	-	609,000	276,000
Gain on disposal of fixed assets		-	-	-	-	60
<b>Net movement in funds</b>		<b>1,594,152</b>	<b>(28,353)</b>	<b>25,669</b>	<b>1,591,467</b>	<b>243,424</b>
Total funds brought forward	23	4,853,799	746,146	215,665	5,815,610	5,572,186
Total funds carried forward		6,447,951	717,793	241,334	7,407,077	5,815,610

The charity has neither acquired or commenced any new activities during the year nor discontinued any operations and it has no gains or losses other than those recognised in the statement of financial activities

The notes set out on pages 16 - 30 form part of these financial statements

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STATEMENT OF OTHER COMPREHENSIVE INCOME

	Notes	17 months to 31/08/20	12 months to 31/03/19
		£	£
<b>SURPLUS FOR THE FINANCIAL PERIOD</b>		<b>1,497,467</b>	<b>299,364</b>
Actuarial gain / (loss)	23	( 515,000)	( 332,000)
(Shortfall)/Gain on expected return on assets	23	609,000	276,000
Gain on disposal of fixed assets		-	60
<b>TOTAL RECOGNISED GAINS AND LOSSES RELATING TO THE PERIOD</b>		<b>1,591,467</b>	<b>243,424</b>

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**BALANCE SHEET**

	Notes	17 months to 31/08/20	12 months to 31/03/19
		£	£
<b>FIXED ASSETS</b>			
Tangible Assets	10	6,494,428	6,624,836
Fixed Asset Investments	9	106,415	94,839
		<u>6,600,843</u>	<u>6,719,675</u>
<b>CURRENT ASSETS</b>			
Debtors	11	153,480	345,439
Cash at bank and in hand	18	2,803,114	2,383,451
		<u>2,956,594</u>	<u>2,728,890</u>
<b>Less</b>			
Creditors falling due within one year	12	67,249	698,192
		<u>2,889,345</u>	<u>2,030,698</u>
<b>NET CURRENT ASSETS</b>			
		<u>2,889,345</u>	<u>2,030,698</u>
<b>TOTAL ASSETS LESS CURRENT LIABILITIES</b>		<u>9,490,188</u>	<u>8,750,373</u>
<b>Less</b>			
Creditors falling due after more than one year	13	4,107	8,763
		<u>9,486,081</u>	<u>8,741,610</u>
<b>NET ASSETS excluding pension liability</b>		<u>9,486,081</u>	<u>8,741,610</u>
Pension liability	19	2,079,000	2,926,000
		<u>7,407,081</u>	<u>5,815,610</u>
<b>NET ASSETS including pension liability</b>		<u>7,407,081</u>	<u>5,815,610</u>
<b>CAPITAL AND RESERVES</b>			
<b>Unrestricted funds</b>			
General Fund	23	6,447,951	4,853,799
<b>Restricted Funds</b>			
Restricted Funds	14	717,793	746,146
Endowment Fund	23	241,334	215,665
		<u>7,407,077</u>	<u>5,815,610</u>

Approved by the Board on:

26 May 2021 Date

J Wylie Director

J Wylie - Chair

The notes set out on pages 16 - 30 form part of these financial statements



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**CASH FLOW STATEMENT**

	Notes	17 months to 31/08/20	12 months to 31/03/19
		£	£
<b>Cash flow from operating activities</b>			
Cash generated from operations	17	608,923	480,375
Interest and dividends received		5,736	3,715
Net cash from operating activities		<u>614,659</u>	<u>484,090</u>
<b>Cash flow from investing activities</b>			
Purchase of tangible fixed asset		( 195,000)	( 46,886)
Purchase of fixed asset investment		-	-
Sale of tangible fixed assets		-	-
Net cash from investing activities		<u>( 195,000)</u>	<u>( 46,886)</u>
<b>Cash flow from financing activities</b>			
Net cash from financing activities		<u>-</u>	<u>-</u>
(Decrease)/increase in cash and cash equivalents		419,659	437,204
Cash and cash equivalents at the beginning of period	18	2,383,451	1,946,247
Cash and cash equivalents at the end of period	18	<u>2,803,114</u>	<u>2,383,451</u>

The notes set out on pages 16 - 30 form part of these financial statements

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## NOTES TO THE FINANCIAL STATEMENTS

### 1. STATUTORY INFORMATION

West Kirby Residential School is a private charitable company, limited by guarantee, registered in England and Wales. The company's registered number and registered office address can be found on the Reference and Administrative Details page within the Trustees Report.

The presentation currency of the financial statements is in Pound Sterling (£).

### 2. ACCOUNTING POLICIES

#### **Basis of accounting**

The financial statements, incorporating a Statement of Financial Activities, have been prepared in accordance with Financial Reporting Standards 102 "The Financial Reporting Standards applicable in the UK and Republic of Ireland", the Companies Act 2006 and Accounting and Reporting by Charities Statement of Recommended Practice (FRS 102).

The financial statements have been prepared on a going concern basis, as the Trustees believe that no material uncertainties exist.

#### **Significant judgements and estimates**

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. The company 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;

When an asset is purchased it is categorised into an asset class, the depreciation policy of each class estimates the economic life of all assets within the class. The depreciation policy of each asset class is determined by management and reviewed regularly for appropriateness. The depreciation policy adopted is based on historical experience as well as considering the future events which may impact the useful economic life of all assets within each class, such as changes in market demands.

In addition, FRS 102 requires an entity to assess at each reporting date whether there is any indication that assets within a class may be impaired i.e. the recoverable amount of the asset is less than the carrying amount. If any such indication exists, management are required to estimate the recoverable amount of the individual assets concerned.

Management judgement is applied to determine if revenue and costs should be recognised in the current period.

#### **Depreciation**

Depreciation is calculated to write off the cost of fixed assets on a straight-line basis over their estimated useful lives as follows:

Plant	15 years
Motor Vehicles	5 years
ICT Equipment	3 years
Furniture & Equipment	10 years
Freehold Buildings	50 years
Leased Assets	Over the period of the lease
Land	Not depreciated

Fixed assets are not capitalised if the value is less than £1,000.

Fixed assets are reviewed for impairments annually. Disposals are authorised at the year end.

#### **Operating Leases**

Rentals payable under operating leases are charged on a straight-line basis over the terms of the leases.

## **ACCOUNTING POLICIES - continued**

### **Finance Lease Agreements**

Where the company enters into a lease which entails taking substantially all the risks and rewards of ownership of an asset, the lease is treated as a finance lease. The asset is recorded in the balance sheet as a tangible fixed asset and is depreciated in accordance with the above depreciation policies. Future instalments under such leases, net of finance charges, are included within creditors. Rentals payable are apportioned between the finance element, which is charged to the Income and Expenditure Account on a straight line basis, and the capital element which reduces the outstanding obligation for future instalments.

### **Taxation**

The company is a registered charity. No UK Taxation arises on the normal activities of the company. All costs are inclusive of VAT.

### **Fund Accounting**

- The School holds endowments, the permanent element of which it is legally prevented from spending and must remain as part of the School's capital. The income arising from the assets of the endowments is available to meet the expenses of the School.
- The general fund is an unrestricted fund and is available to meet the expenses of the School.
- In May 1998 The Charity Commission approved the loan of £196,704 from Special Funds to the General Fund to assist in Building Development Works repayable over a 30-year term. The balance of the outstanding loan is £49,721 (2019 - £59,010).
- The restricted funds can only be used for particular restricted purposes within the objects of the charity. Restrictions arise when specified by the donor or when funds are raised for particular purposes.

### **Resources Expended**

The cost headings comprise expenditure, including staff costs, directly attributable to the organisation's activity. Where costs cannot be directly attributed they have been allocated to activities based on actual staff time spent.

- Charitable expenditure comprises those costs incurred by the charity in the delivery of its activities and services.
- Governance costs include those costs associated with meeting the statutory requirements of the charity and include the audit fee and costs linked to the strategic management of the charity.
- Costs of generating funds comprise costs associated with attracting voluntary income and the costs of resources.

### **Income and expenditure**

All income and expenditure is accounted for on the accruals basis.

All incoming resources are included in the Statement of Financial Activities (SOFA) when the charity is entitled to the income and the amount can be quantified with reasonable accuracy. The following specific policies are applied to particular categories of income:

- Incoming resources from charitable activities are received by way of school fees, grants received and contributions to school trips. They are all credited to the statement of financial activities in accordance with the period they relate to, regardless of when actually received. Any amounts received in advance are treated as deferred income, and arrears are treated as debtors at the year end. Grants received for specific purposes are credited to the statement of financial activities on receipt and allocated to restricted funds.
- Donated goods are included at the value to the charity where this can be quantified.
- Income from investments is included in the statement of financial activities in the year in which it is receivable.

### **Fixed asset investments**

Fixed asset investments are included at closing market value at the balance sheet date. Any gain or loss on revaluation is taken to the statement of financial activities.



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**ACCOUNTING POLICIES - continued**

**Financial instruments**

The following assets and liabilities are classified as financial instruments - trade debtors, other debtors, prepayments, trade creditors, other creditors, accruals and deferred income.

Financial instruments are measured at the undiscounted amount of the cash or other consideration expected to be paid or received.

Financial assets and liabilities that are measured at amortised cost are assessed at the end of each reporting period for objective evidence of impairment. If objective evidence of impairment is found, an impairment loss is recognised in the Statement of Financial Activity, and the historic cost is included in the notes to the accounts.

**Pension Scheme**

The charity operates a defined benefits pension scheme. The assets of the scheme are held and managed separately from those of the charity. The costs of administering the pension scheme are charged to the SOFA. The current pension deficit has been provided for in accordance with FRS 102.

The charity also operates a stakeholder pension scheme and teachers' pension scheme. These costs are charged to the income and expenditure account.



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**3 FEES AND GRANTS**

**3.1 School Fees**

The main source of incoming resources for the period is the amount derived from fees for pupils attending school. Fees are invoiced in advance and treated as deferred income when received in relation to terms commencing after the period end.

**3.2 Grants receivable**

	Unrestricted	Restricted	17 months to 31/08/20	12 months to 31/03/19
	£	£	£	£
Education and skills funding	-	-	-	2,400
Pupil Premium	15,215	-	15,215	7,530
LACPP	-	-	-	4,610
Teachers' Grant NMSS	74,553	-	74,553	-
Bursary Income	1,965	-	1,965	-
Other grants	153,417	-	153,417	-
Department of Education	53,395	-	53,395	-
Sundry	-	-	-	556
	<u>298,545</u>	<u>-</u>	<u>298,545</u>	<u>15,096</u>

**3.3 Other income**

	Unrestricted	Restricted	17 months to 31/08/20	12 months to 31/03/19
	£	£	£	£
Uniform Sales	968	-	968	575
Receipts from use of postage/phone	-	-	-	1
Enterprise Income	1,371	-	1,371	375
	<u>2,339</u>	<u>-</u>	<u>2,339</u>	<u>951</u>

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**4 CHARITABLE EXPENDITURE**

	2020		17 months to	12 months to
	General	2020	31/08/20	31/03/19
	Fund	Restricted	Total	Total
	£	Fund	Funds	Funds
	£	£	£	£
<b>Direct Education</b>				
Salaries	2,576,843	-	2,576,843	1,782,871
Equipment	179,195	-	179,195	139,305
Activities & Exam fees	5,427	-	5,427	19,710
Further Education	26,188	-	26,188	15,043
	<u>2,787,653</u>	<u>-</u>	<u>2,787,653</u>	<u>1,956,929</u>
<b>Childcare Services</b>				
Salaries Child Care	1,330,007	-	1,330,007	1,168,969
Salaries Medical/Therapeutic	102,679	-	102,679	91,281
	<u>1,432,686</u>	<u>-</u>	<u>1,432,686</u>	<u>1,260,250</u>
<b>Establishment Expenses</b>				
Salaries	247,210	-	247,210	132,627
Gardens & Landscaping	20,341	-	20,341	2,702
Buildings & Plant	234,018	-	234,018	184,750
Rent	-	-	-	26,021
Equipment & Repairs	114,040	-	114,040	112,519
Provisions	174,687	-	174,687	118,358
Services	91,669	-	91,669	75,389
Cleaning, Laundry & Hygiene	41,077	-	41,077	32,073
Depreciation	297,054	28,353	325,407	225,068
Loss / (profit) on disposal of fixed assets	-	-	-	-
	<u>1,220,096</u>	<u>28,353</u>	<u>1,248,449</u>	<u>909,507</u>
<b>Support Costs</b>				
Salaries	415,733	-	415,733	291,623
Printing, Stationery, Postage & Telephone	46,916	-	46,916	25,219
Advertising	4,982	-	4,982	14,574
Insurance	43,157	-	43,157	57,143
General/Life Insurance (Pensions)	62,454	-	62,454	10,773
Travel	53,258	-	53,258	56,048
Sundries	16,834	-	16,834	8,978
Training	52,351	-	52,351	52,610
Payroll Bureau	12,000	-	12,000	8,773
Professional Fees	206,149	-	206,149	89,624
Rent/Rate/Bank Charges & other interest	940	-	940	664
Bad debts	9,529	-	9,529	5,903
	<u>924,303</u>	<u>-</u>	<u>924,303</u>	<u>621,932</u>
<b>Governance costs</b>				
Salaries	-	-	-	35,399
Auditors remuneration for Audit Services	19,829	-	21,955	13,819
Auditors remuneration for Other Services	4,420	-	2,294	4,990
	<u>24,249</u>	<u>-</u>	<u>24,249</u>	<u>54,208</u>
<b>School pension costs</b>				
Pensions administration	69,000	-	69,000	72,000
Interest on Pension Liabilities	283,000	-	283,000	217,000
Past service costs	-	-	-	128,000
	<u>352,000</u>	<u>-</u>	<u>352,000</u>	<u>417,000</u>
<b>Total</b>	<u>6,740,987</u>	<u>28,353</u>	<u>6,769,340</u>	<u>5,219,826</u>

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**5 COSTS OF GENERATING VOLUNTARY INCOME**

	Unrestricted	Restricted	17 months to 31/08/20	12 months to 31/03/19
	£	£	£	£
Salaries	399	-	399	387
	<u>399</u>	<u>-</u>	<u>399</u>	<u>387</u>

**6 COST OF GENERATING FUNDS**

	Unrestricted	Restricted	17 months to 31/08/20	12 months to 31/03/19
	£	£	£	£
Salaries	2,561	-	2,561	2,486
	<u>2,561</u>	<u>-</u>	<u>2,561</u>	<u>2,486</u>

**7 NET INCOME FOR THE PERIOD**

The net income for the period are stated after charging:

	17 months to 31/08/20	12 months to 31/03/19
	£	£
Depreciation – owned assets	325,407	225,068
Pension costs	<u>352,000</u>	<u>417,000</u>

**8 INCOME FROM UK INVESTMENTS**

	17 months to 31/08/20	12 months to 31/03/19
	£	£
Income from unlisted fixed asset investments	5,736	3,110
Interest on deposits	-	605
	<u>5,736</u>	<u>3,715</u>

**9 FIXED ASSET INVESTMENTS**

	2020 Special Fund	2020 Total	2019 Total
	£	£	£
Valuation 1 April 2019 - unlisted	94,839	94,839	87,903
Addition - unlisted	-	-	-
(Decrease) / Increase in market value	11,576	11,576	6,936
Valuation 31 August 2020 - unlisted	<u>106,415</u>	<u>106,415</u>	<u>94,839</u>
Book value 31 August 2020	<u>106,415</u>	<u>106,415</u>	<u>94,839</u>

Included in the charity's investments at the balance sheet date in the share capital of companies include the following:

**WKRS Pension Trustees Limited**

Nature of Business: non trading company

	17 months to 31/08/20	12 months to 31/03/19
	£	£
Aggregate capital and reserves	<u>1</u>	<u>1</u>



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**10 TANGIBLE FIXED ASSETS**

	Land £	Freehold Property £	Plant £	Motor Vehicles £	Furniture & Equipment £	TOTAL £
<b>Cost:</b>						
At beginning of period	30,000	8,245,284	707,623	91,033	222,798	9,296,738
Additions	-	81,174	59,512	-	54,314	195,000
Disposals	-	-	-	-	-	-
At end of the period	30,000	8,326,458	767,135	91,033	277,112	9,491,738
<b>Depreciation:</b>						
At beginning of period	-	2,020,245	468,247	78,618	104,792	2,671,902
Charge for period	-	234,591	58,017	4,797	28,003	325,408
On disposal	-	-	-	-	-	-
At end of period	-	2,254,836	526,264	83,415	132,795	2,997,310
<b>Net book value:</b>						
At 31 August 2020	30,000	6,071,622	240,871	7,618	144,317	6,494,428
At 31 March 2019	30,000	6,225,039	239,376	12,415	118,006	6,624,836

**11 DEBTORS**

	17 months to 31/08/20 £	12 months to 31/03/19 £
Trade debtors	59,641	228,197
Amounts owed by fellow group undertakings	1	1
Other debtors	6,278	28,396
Prepayments and accrued income	87,560	88,846
	<u>153,480</u>	<u>345,440</u>

**12 CREDITORS FALLING DUE WITHIN ONE YEAR**

	17 months to 31/08/20 £	12 months to 31/03/19 £
Fees and grants charged / received in advance (see note 20)	-	329,364
Trade Creditors	18,582	149,829
Accruals	17,000	26,218
Other creditors	28,381	189,495
Hire purchase contracts	3,286	3,286
	<u>67,249</u>	<u>698,192</u>

**13 CREDITORS FALLING DUE AFTER MORE THAN ONE YEAR**

	17 months to 31/08/20 £	12 months to 31/03/19 £
Hire purchase contracts	4,107	8,763
	<u>4,107</u>	<u>8,763</u>

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**14 RESTRICTED FUNDS**

	At 01-Apr-19 £	Grants & Donations £	Depreciation £	Expenses £	Transfer to Unrest. Funds	At 31-Aug-20 £
A Capital grant	145,181	-	4,420	-	-	140,761
B Capital allocation	157,650	-	5,667	-	-	151,983
C Donation	60,972	-	2,408	-	-	58,564
D Art / Home Economics Grant	50,248	-	5,439	-	-	44,809
E DFC NMSS	56,492	-	1,778	-	-	54,714
F Devolved Formula Capital Grant	72,568	-	2,533	-	-	70,035
G Wooden Spoon	6,400	-	227	-	-	6,173
H Donation - Miss French	196,635	-	5,882	-	-	190,753
	<b>746,146</b>	<b>-</b>	<b>28,353</b>	<b>-</b>	<b>-</b>	<b>717,793</b>

- A The capital grant is to be spent purely on the charity's buildings and depreciation is charged to this fund as the cost of the building is gradually written off.
- B The capital allocation was received for the creation of a music room, larger dark room facilities and extending the CDT facilities. Depreciation is being charged to this fund annually as the funded assets are gradually written down.
- C A donation of £85,000 was received in 2006 and was spent on the refurbishment of the boys' bathroom. Depreciation is charged to the fund.
- D The Art / Home Economics Grant was received to facilitate refurbishment of those classrooms. Depreciation is charged to the fund.
- E The DFC NMSS income was provided to meet the capital and maintenance costs of the school's jubilee project. Depreciation is charged to the fund.
- F The Devolved Formula Capital Grant was provided to fund building improvements carried out at the school in the period 2009-11. Depreciation is charged to this fund as the funded assets are gradually written down.
- G Wooden Spoon funded the creation of a sensory room at the school in 2009. Depreciation is charged to this fund as the asset is gradually written down.
- H A donation of £207,579 was received in the will of Miss Margaret Emily French which is to be used solely for 'the benefit of the schoolchildren'. £66,000 of this was allocated in 2016 to the purchase of the new playground. The remaining £141,579 was used on the Occupational Therapy Suite in 2017. Depreciation is charged to the fund.

**15 UNRESTRICTED FUNDS**

Unrestricted funds are incoming resources receivable or generated for the objects of the charity without further specified purpose and are available as general funds

**16 RECONCILIATION OF MOVEMENT IN THE SCHOOL FUNDS**

	17 months to 31/08/20 £	12 months to 31/03/19 £
Surplus/(deficit) for the period	1,591,467	243,424
Funds at beginning of period	5,815,610	5,572,188
Funds at end of period	<b>7,407,077</b>	<b>5,815,610</b>

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**17 RECONCILIATION OF PROFIT TO CASH GENERATED  
FROM OPERATIONS**

	17 months to 31/08/20	12 months to 31/03/19
	£	£
Net income/(expenditure)	1,497,467	299,364
Depreciation	325,408	225,068
Gain/(Loss) on disposal of fixed assets	-	60
Return on pension scheme assets	(200,000)	(145,000)
Investment income	(5,736)	(3,715)
Pension scheme interest on pension liabilities	283,000	217,000
Pension scheme past service costs	-	128,000
Pension scheme administration expenses	69,000	72,000
(Gain)/loss on investment	(11,576)	(6,936)
	<u>1,957,563</u>	<u>785,841</u>
Decrease/(increase) in trade and other debtors	191,959	(83,618)
(Decrease)/increase in trade and other creditors	(635,599)	45,152
Payments to reduce pension deficit	(905,000)	(267,000)
Net cash inflow from operating activities	<u>608,923</u>	<u>480,375</u>

**18 CASH AND CASH EQUIVALENTS**

The amounts disclosed on the Cash Flow Statement in respect of cash and cash equivalents are in respect of these Balance Sheet amounts:

**Period ended 31 August 2020**

	17 months to 31/08/20	12 months to 31/03/19
	£	£
Cash and cash equivalents	2,803,114	2,383,451

**Year ended 31 March 2019**

	17 months to 31/08/20	12 months to 31/03/19
	£	£
Cash and cash equivalents	2,383,451	1,946,247
(Decrease)/increase in cash and cash equivalents	419,663	437,204

**19 PENSION LIABILITY**

	17 months to 31/08/20	12 months to 31/03/19
	£	£
Shortfall of pension scheme assets to liabilities		
Brought forward	2,926,000	2,865,000
Movement in period	(847,000)	61,000
Balance as at 31.08.20	<u>2,079,000</u>	<u>2,926,000</u>



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**20 DEFERRED INCOME**

	17 months to 31/08/20	12 months to 31/03/19
	£	£
Brought forward	329,364	428,042
Received during the period	-	329,364
Released in the period	( 329,364)	( 428,042)
Balance as at 31.08.20	-	329,364

School fees were received in period, no deferred income in 2020 due to the change of period end.

**21 STAFF**

Average number of persons employed, excluding Directors, analysed by function was:

	17 months to 31/08/20	12 months to 31/03/19
Teaching, including Teaching Assistants	44	42
Childcare, Care home & Clinical Services	35	36
Administration & Finance	12	15
Establishment	11	10
	<u>102</u>	<u>103</u>

Staff costs comprise:

	£	£
Salaries & wages	3,964,923	2,878,683
Social Security costs	330,684	249,401
Pension scheme costs	379,825	377,559
	<u>4,675,432</u>	<u>3,505,643</u>

The Directors receive no remuneration, or fees, or reimbursement of expenses for their services to the charity.

	17 months to 31/08/20	12 months to 31/03/19
No of employees Salary Band £60,000 - £69,999	1	1
No of employees Salary Band £70,000 - £79,999	2	0
No of employees Salary Band £80,000 - £89,999	0	1
No of higher paid employees accruing benefits under a defined benefits scheme	2	1
One higher paid employee has benefits accruing under a money purchase scheme		

**22 FINANCIAL COMMITMENTS**

At 31 August 2020 the school was committed to making the following payments in the next twelve months under non-cancellable operating leases:

	17 months to 31/08/20	12 months to 31/03/19
	Office Equipment	Office Equipment
	£	£
Operating leases which expire:		
Within 1 year	7,267	5,992
In 1-5 years	5,274	-
5 years plus	-	-
	<u>12,541</u>	<u>5,992</u>

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**23 ANALYSIS OF FUNDS BY NET ASSETS**

	<u>Unrestricted funds</u>		<u>Restricted funds</u>		
	General Fund £		Restricted Fund £	Endowment Fund £	Total £
Opening balance at 01.04.19	4,853,799		746,146	215,665	5,815,610
Net (outgoing)/incoming resources before transfers and investment gains	1,509,441		( 28,353)	16,380	1,497,467
<b>Transfers:</b>					
Pension actuarial gain/(deficit)	( 515,000)		-	-	( 515,000)
Gain on disposal of fixed assets	-		-	-	-
(Shortfall)/Gain on expected return on assets	609,000		-	-	609,000
Repayment of loan from endowment funds	( 9,289)		-	( 9,289)	-
<b>Closing balance at 31.08.20</b>	<b>6,447,951</b>		<b>717,793</b>	<b>222,756</b>	<b>7,407,077</b>
<b>Represented by:</b>					
Tangible fixed assets	5,776,635		717,793	-	6,494,428
Investments	-		-	106,415	106,415
Other net assets	2,768,897		-	116,341	2,885,238
Provision for pension shortfall	( 2,079,000)		-	-	( 2,079,000)
<b>Closing balance at 31.08.20</b>	<b>6,466,533</b>		<b>717,793</b>	<b>222,756</b>	<b>7,407,081</b>
<b>Prior year:</b>					
Tangible fixed assets	5,878,690		746,146	-	6,624,836
Investments	1		-	94,838	94,839
Other net assets	1,901,108		-	120,827	2,021,935
Provision for pension shortfall	( 2,926,000)		-	-	( 2,926,000)
<b>Closing balance at 31.03.19</b>	<b>4,853,799</b>		<b>746,146</b>	<b>215,665</b>	<b>5,815,610</b>

**24 RESERVES NOTE**

	17 months to 31/08/20	12 months to 31/03/19
	£	£
Reserves excluding pension liability	9,486,077	8,741,610
Pension reserve	( 2,079,000)	( 2,926,000)
<b>Reserves</b>	<b>7,407,077</b>	<b>5,815,610</b>

**25 RELATED PARTY**

There were no disclosable related party transactions during the period (2019-none).

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**26 RETIREMENT BENEFITS**

The school operates a defined benefit scheme for employees (excluding teaching staff), the assets of which are held in a separate trustee administered fund.

In May 2002 the scheme was closed to new members; and in June 2010 future accrual ceased. In January 2015 the pensionable salary link to final salary also ceased.

An independent qualified actuary, in collaboration with the Trustees of the pension scheme and the School (employer), carries out an actuarial valuation of the scheme every three years. Following the valuation, a recovery plan is agreed between the Trustees and the school in order to make good any shortfall in the scheme's funding.

The current recovery plan was agreed after the valuation carried out as at 1 April 2016.

The financial figures relating to scheme and reflected in these accounts are prepared under UK GAAP (FRS102) assumptions and are revised annually. These assumptions, although similar, are derived in a different way to those used for the actuarial valuation. The assumption for the triennial valuation being generally more prudent than the GAAP assumptions.

Teaching staff are members of the defined benefit scheme operated by the Department of Education, to which the school pays a fixed percentage of teachers' pensionable pay, which fully discharges its liability to the teachers' pension scheme.

The school has in place defined contribution pension scheme arrangements for all employees not in the teachers' pension scheme. This is a stakeholder pension arrangement that also includes the school's auto-enrolment provision.

The total contributions paid by West Kirby Residential School for the period end 31 August 2020 were as follows:

	17 months to 31/8/20	12 months to 31/03/19
	£	£
Teacher's Pension	352,892	117,809
Stakeholder Pension	222,881	80,550
Deficit Pension Payments	<u>905,000</u>	<u>179,200</u>
	1,480,773	377,559

**27 PENSION COMMITMENTS**

Section 28 of FRS 102 Employee Benefits requires pension fund valuations to be updated at each balance sheet date. The fund valuation has been updated by an independent qualified actuary, on an FRS 102 basis, as at 31 August 2020.

The assumptions used by the actuary are the best estimates chosen from a range of possible actuarial assumptions, which, due to the timescale covered, may not be borne out in practice.

The market value of the scheme's assets at 31 August 2020, which are not intended to be realised in the short term and may be subject to significant change before they are realised, and the present value of the scheme's liabilities which are derived from cash flow projections over long periods and are thus inherently uncertain, were:

	2020	2019	2018	2017	2016
	£'000	£'000	£'000	£'000	£'000
The actuarial value of assets at 31 August	7,094	5,901	5,681	5,688	5,100
The actuarial value of liabilities at 31 August	<u>(9,173)</u>	<u>(8,827)</u>	<u>(8,546)</u>	<u>(8,969)</u>	<u>(7,429)</u>
This produces an actuarial deficit of	(2,079)	(2,926)	(2,865)	(3,281)	(2,329)

The actuarial value of assets represent 77.34% (2019: 66.48%) of the actuarial liabilities.



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**27 PENSION COMMITMENTS – continued**

The major assumptions used for the calculations were:

		<u>17 months to</u> <u>31/8/20</u>	<u>12 months to</u> <u>31/03/19</u>
Discount rate		1.5%	2.3%
RPI inflation		2.9%	3.2%
CPI inflation		2.3%	2.2%
Rate of increase of deferred pensions		2.3%	2.2%
Rate of increase in pensions in payment	pre 1 April 2006	2.9%	3.1%
Post 31 March 2006		2.4%	2.6%
Mortality (pre retirement)		Nil	Nil
Mortality (post retirement)		S3PMA/S3PFA	S2PMA/S2PFA

The mortality rates are base rates in accordance with the S3PMA and S3PFA tables published by the Actuarial Profession. An allowance has been made for future improvements in longevity in accordance with the medium cohort effect with a minimum annual increase or underpin of 1.25% for both men and women.

Longevity at age 65 for current pensioners:	<u>2020</u>	<u>2019</u>
men	21.9 years	21.5 years
women	24.2 years	23.4 years
Longevity at age 65 for future pensioners now aged 45:		
men	23.2 years	22.9 years
women	25.6 years	25.0 years

The fair value of the assets in the scheme, expected rates of return and the present value of the defined benefit obligations in the scheme were:

The assets of the Plan are invested in a diversified portfolio.

	<u>2020</u> <u>%</u>	<u>2020</u> <u>£'000</u>	<u>2019</u> <u>%</u>	<u>2019</u> <u>£'000</u>	<u>2018</u> <u>%</u>	<u>2018</u> <u>£'000</u>
Equity, property and other growth seeking assets	46	3,297	54	3,140	48	2,716
Cash	18	1,271	0	14	2	117
Liability Driven Investments	17	1,208	23	1,384	25	1,430
Buy in Policy	19	1,318	23	1,363	25	1,418
Total fair value of assets:		7,094		5,901		5,681
Present value of defined benefit obligations		9,173		8,827		8,546
(Deficit) in the scheme		(2,079)		(2,926)		(2,865)

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**27 PENSION COMMITMENTS – continued**

Changes in the present value of schemes liabilities	<u>17 months to</u> <u>31/08/20</u> £'000	<u>12 months</u> <u>To 31/03/19</u> £'000
Opening defined benefit obligation at 1 April	8,546	8,546
Interest cost	283	217
Past service costs	-	128
Actuarial (gains)/losses	515	332
Contribution by members	-	-
Expenses paid	-	-
Benefits paid	(452)	(396)
Closing defined benefit obligation at 31 August	<u>9,173</u>	<u>8,827</u>

**Reconciliation of fair value of scheme assets**

Opening fair value of scheme assets at 1 April	5,901	5,681
Expected return on scheme assets	200	145
Actuarial gains (losses)	-	-
Administration expenses	(69)	(72)
Contribution by employers	905	267
Return of assets excluding interest income	609	276
Benefits paid	(452)	(396)
Closing defined benefit obligation at 31 August	<u>7,094</u>	<u>5,901</u>

**Analysis of the amounts recognised in the SoFA**

Administration costs	69	72
Past service costs	-	128
Net interest	83	72
Amount charged/(credited) to SoFA	<u>152</u>	<u>272</u>

**Analysis of amount recognised in Other Comprehensive Income**

Actuarial gains/(losses)	(515)	(332)
Return of assets excluding interest income	609	276
Closing defined benefit obligation at 31 August	<u>94</u>	<u>56</u>

**Future funding obligation**

The Trustee is required to carry out an actuarial valuation every 3 years. The most recent actuarial valuation of the Plan was performed by the Scheme Actuary for the Trustee as at 1 April 2019. This valuation revealed a funding shortfall of £2.2 million. To remove this shortfall, the School agreed to pay contributions to the Plan as follows:

- a contribution of £126,075 by 31 March 2020;
- a contribution of £500,000 by 30 June 2020;
- a contribution of £175,000 by 31 March 2021; and
- Annual contributions of £175,000 payable monthly in arrears over the period 1 April 2021 to 31 March 2028.

In addition, to cover the ongoing expenses of running the Plan (excluding the PPF levy), the School agreed to pay £65,000 per annum over the period to 31 March 2028, with the first payment of £65,000 due on or before 31 March 2021. With effect from 1 April 2021, these contributions will be paid monthly in arrears on or before the 19th of the calendar month following that to which the payment relates. The School paid the £175,000 shortfall contribution due by 31 March 2021 and the £65,000 expense contribution due before 31 March 2021 during the period ended 31 August 2020. The School therefore expects to pay £100,000 to the Plan during the accounting year beginning 1 September 2020.

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**NOTES TO THE FINANCIAL STATEMENTS**

**28 COMMITMENTS**

Under the current recovery plan the charity is committed to make annual deficit repair payments to the pension plan of £175,000 for the period 1 April 2021 to March 2028. In arrears and increasing by 2.5% pa over the period 1 April 2017 to 31 March 2040 inclusive. In addition, the School agreed to pay £65,000 per annum to cover the ongoing expenses of running the Plan (excluding PPF levy). The School therefore expects to pay £100,000 to the plan during the accounting year beginning 1 September 2020.

**29 CONTINGENT LIABILITIES**

The school has no significant liabilities other than those included in the financial statements.

**30 ULTIMATE CONTROLLING PARTY**

The charity was controlled throughout the current and previous periods by the trustees.

**31 PRIOR YEAR STATEMENT OF FINANCIAL ACTIVITIES**

	Unrestricted Fund £	Restricted Fund £	Endowment Fund £	Total Funds £
<b>Incoming Resources</b>				
Donations and legacies	4,178	-	-	4,178
Other trading activities:	7,744	-	-	7,744
Income from investments	605	-	3,110	3,715
<b>Income from charitable activities:</b>				
School Fees	5,338,219	-	-	5,338,219
Grants Received	15,096	-	-	15,096
Contribution to school trips	225	-	-	225
<b>Other Income</b>				
Other income	951	-	-	951
Expected Return on Pension Scheme Assets	145,000	-	-	145,000
<b>Total income and endowments</b>	<b>5,512,018</b>	<b>-</b>	<b>3,110</b>	<b>5,515,128</b>
<b>Resources expended</b>				
<b>Expenditure on raising funds</b>				
Costs of generating voluntary income	387	-	-	387
Costs of generating funds	2,486	-	-	2,486
<b>Expenditure on charitable activities</b>	<b>5,199,812</b>	<b>20,014</b>	<b>-</b>	<b>5,219,826</b>
<b>Total Resources Expended</b>	<b>5,202,686</b>	<b>20,014</b>	<b>-</b>	<b>5,222,700</b>
Net gains/(losses) on investments	-	-	6,936	6,936
<b>Net income/(expenditure)</b>	<b>309,332</b>	<b>(20,014)</b>	<b>10,046</b>	<b>299,364</b>
Transfer between funds	(6,557)	-	6,557	-
<b>Other recognised gains/loses</b>				
Actuarial gains/(losses) on defined benefit pension scheme	( 332,000)	-	-	( 332,000)
(Shortfall)/Gain on expected return on assets	276,000	-	-	276,000
Gain on disposal of fixed asset	60	-	-	60
<b>Net movement in funds</b>	<b>246,835</b>	<b>(20,014)</b>	<b>16,603</b>	<b>243,424</b>
Total funds brought forward	4,606,964	766,160	199,062	5,572,186
Total funds carried forward	4,853,799	746,146	215,665	5,815,610



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**PAID UP MEMBERS OF THE SCHOOL AUGUST 2020**

Mr and Mrs D Brewster, Caldby  
Mr B K Boumphrey, West Kirby  
Mr and Mrs R F Calver, West Kirby  
Mr and Mrs H B Corlett, West Kirby  
Mr M Dickinson, West Kirby  
Mrs R E Elston, West Kirby  
Mr N Lumb, Barnston

Ms A McAfee, Windermere  
Mr M J Paddon, Thurstaston  
Mr M S Potts, Neston  
Mr A W Shone, West Kirby  
Mrs J C Smye, Parkgate  
Mr J Wylie, Greasby  
Mrs I Wylie, Greasby