

COMPANY LIMITED BY GUARANTEE
REGISTRATION NUMBER 08125396
(ENGLAND AND WALES)

LORETO GRAMMAR SCHOOL
(A Company Limited by Guarantee)

REPORT AND FINANCIAL STATEMENTS

PERIOD ENDED 31 AUGUST 2013



HW
Chartered Accountants & Registered Auditors
Bridge House
157A Ashley Road
Hale
Altrincham
Cheshire
WA14 2UT

LORETO GRAMMAR SCHOOL

FINANCIAL STATEMENTS

PERIOD ENDED 31 AUGUST 2013

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LORETO GRAMMAR SCHOOL

REFERENCE AND ADMINISTRATIVE DETAILS

PERIOD ENDED 31 AUGUST 2013

Trustees	Mrs Jane Beever*	(Appointed 2 July 2012)
	Dr Stephanie Blower*	(Appointed 2 July 2012)
	Sr Bernadette Boland IBVM*	(Appointed 1 December 2012)
	Mr Martin Bourke	(Appointed 2 July 2012)
	Mrs Patricia Brown	(Appointed 1 December 2012)
	Mr Mark Cornes	(Appointed 1 December 2012)
	Mr Michael Dunn	(Appointed 1 December 2012)
	Mrs Elizabeth Flippance	(Appointed 1 December 2012)
	Mr Gerald Ford	(Appointed 1 December 2012)
	Dr Kathryn Grady	(Appointed 1 December 2012)
	Sr Kathleen Hewitt IBVM	(Appointed 1 December 2012)
	Mr James Lister	(Appointed 1 December 2012)
	Mrs Kathryn Clare Marchmont	(Appointed 1 December 2012)
	Dr Justin McCarthy	(Appointed 1 December 2012)
	Sr Anne McEvoy IBVM	(Appointed 1 December 2012)
	Mrs Sarah O'Neill	(Appointed 1 December 2012)
	Mrs Catherine Rawlings	(Appointed 1 December 2012)
	Mr Vincent Sweeney*	(Appointed 1 December 2012)
	Sr Bernadette Turtle IBVM (Cecilia Turtle)	(Appointed 1 December 2012)
	Mrs Susan Williams*	(Appointed 1 December 2012)

Senior management team	Mrs Jane Beever
	Mrs Patricia Booth
	Mrs Fiona Wright
	Ms Helen Jordan
	Mrs Elizabeth Nash
	Dr Martine Fieming
	Mrs Frances Green

Registered office Dunham Road, Altrincham, Cheshire, WA14 4AH

Company registration number 08125396

Auditors HW Chartered Accountants & Registered Auditors, Bridge House, Ashley Road, Hale, Altrincham, WA14 2UT

Bankers Lloyds Bank, 223 Finney Lane, Heald Green, Cheadle, Cheshire, SK8 3PY

Solicitors Stone King, 16 St John's Lane, London, EC1M 4BS

* Member of the finance and audit committee

LORETO GRAMMAR SCHOOL

TRUSTEES' REPORT

PERIOD ENDED 31 AUGUST 2013

The trustees and directors present their report with the financial statements of the charitable company for the 13 month period ended 31 August 2013

Structure, governance and management

Constitution

The academy was incorporated on 2 July 2012 as a company limited by guarantee with no share capital, registration no 08125396. The company commenced operation as an academy on 1 August 2012. The charitable company's Memorandum and Articles of Association are the primary governing documents of the academy. The initial members of the charitable company were nominated by the board of trustees of Loreto Grammar School. The Articles of Association require the members of the charitable company to be responsible for the statutory and constitutional affairs of the charitable company and the management of the academy.

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.

Trustees

Twenty of the trustees are directors of the charitable company for the purposes of the Companies Act 2006 and all are trustees for the purposes of charity legislation.

The trustees who were in office at 31 August 2013 and served during the period are listed on page 1.

Trustees' indemnities

In accordance with normal commercial practice the academy has purchased professional indemnity and directors' and officers' insurance to protect the trustees and officers from claims arising from negligence, errors or omissions occurring whilst on academy business. Further details are disclosed at note 11.

Principal activities

Loreto Grammar School converted to academy trust status on 1 August 2012 at which point the entity's current operations commenced. The academy trust's principal activity is to create a caring, structured environment in which teaching and learning are carried out in accordance with the school's mission statement.

Method of recruitment and appointment or election of trustees

The members of the Loreto Education Trust are responsible for the appointment of trustees except three parent trustees and three staff trustees who will be appointed through an election process directed by the board of trustees. The number of trustees shall be not less than three and shall not be subject to a maximum.

LORETO GRAMMAR SCHOOL

TRUSTEES' REPORT *(continued)*

PERIOD ENDED 31 AUGUST 2013

Policies and procedures adopted for the induction and training of trustees.

Trustees are appointed based on the skills that they will bring to the board of trustees or based on a proposal to the board of trustees by representative groups. On appointment, trustees receive information relating to the trust, attend a briefing with the chair of trustees and the headteacher as part of their induction and receive an induction pack on the role and responsibilities of trustees. Trustees attend Local Authority training on specific trustee requirements and roles and responsibilities.

During the year, trustees are offered all necessary training, provide feedback to relevant committees and this is monitored and tracked centrally.

Organisational structure

The governance of the trust is defined in the Memorandum and Articles of Association together with the Funding Agreement with the Department of Education.

All trustees are members of the full board of trustees. In addition, trustees are members of committees which report to the full board of trustees.

The board of trustees meets once each term to receive reports from its sub-committees and manage its strategic objectives. The board has six sub-committees:

- Chairs Committee which meets at least termly to consider internal controls, the responsible officer's reports and risk management,
- Finance & Premises incorporating the Health and Safety sub-committee, which meets at least half termly to consider the academy's budgets and financial performance, building and maintenance programme and other premises requirements,
- Admissions and Pupil Welfare which meets 5 times a year to consider the school's admissions policy, to oversee the entrance examination for entry to Year 7, entry to other year groups including the Sixth Form. Any related admissions matters are considered by this committee. This committee also has responsibility to overview all matters of pupil welfare and behaviour,
- Curriculum, which considers all matters relating to the curriculum offer in school considering national initiatives and challenging the school in terms of academic performance,
- Staffing, which considers all appointments, performance management and all staff associated policies, and
- Ethos and Values, which ensures the day to day Catholic life of the school is celebrated and upheld.

The day to day management is delegated to the headteacher, who has appointed a senior leadership team, which meets weekly to advise the headteacher on her day to day responsibilities.

LORETO GRAMMAR SCHOOL

TRUSTEES' REPORT *(continued)*

PERIOD ENDED 31 AUGUST 2013

Risk management

The trustees have assessed the major risks to which the academy is exposed, in particular those relating to the specific teaching, provision of facilities and other operational areas of the academy. The trustees have implemented a number of systems to assess risks that the academy faces, especially in the operational areas (e.g. in relation to teaching, health and safety and school trips) and in relation to the control of finance. The risk register is reviewed on an on-going basis by the Chairs Committee and is submitted to the full board of trustees at least once a year. Where significant financial risk still remains the trustees have ensured they have adequate insurance cover. The academy has an effective system of internal financial controls and this is subject to review by both the external auditors and the responsible officer.

Connected organisations, including related party relationships

Loreto Grammar School is not connected to any other organisations as defined by the relevant Charities SORP. The members, directors, trustees, senior staff and their families are regarded as related parties in accordance with the definitions in the Charities SORP.

Objectives and activities

Objects and aims

The trust's object is to advance for the public benefit education for girls aged 11 to 18 by establishing, maintaining, carrying on, managing and developing a school offering a broad and balanced curriculum rooted in the school mission statement and in accordance with the Loreto Education Trust.

The school is a Catholic School and this is integral in its purpose. As a Loreto school its particular charism is that of the Institute of the Blessed Virgin Mary (commonly known as the Sisters of Loreto). The Trustees' vision is to create a culture of success to extend lifetime opportunities for young people and to do everything possible to encourage this. The school was judged "outstanding" by Section 5 Ofsted in 2008 and by Section 48 report 2013, Outstanding.

The school was designated a National Support School and Teaching School in April 2013.

Students are offered a supportive, positive and dynamic learning environment that enables them to focus on their studies and extra-curricular activities. As a result, students achieve academic, creative and technological excellence and extend their sporting, artistic and musical accomplishments.

The academy fosters personal development that helps students to find meaning in their lives and respond with creativity and determination to the challenges that arise through the rapid pace of social change.

LORETO GRAMMAR SCHOOL

TRUSTEES' REPORT *(continued)*

PERIOD ENDED 31 AUGUST 2013

Objectives, strategies and activities

The academy's objective for the period ended 31 August 2013 was to raise the attainment level of all students through care and well-being, curriculum structure, teaching and learning, and leadership development

Student roll	the total number on roll for the year to 31 August 2013 was 1040
Admissions	the academy is currently fully-subscribed and operates a waiting list
Permanent exclusions	there have been no fixed term or permanent exclusions during the period
Staffing	the average number of (full time equivalent) staff employed during the year to 31 August 2013 was 92

Public benefit

The academy trust's trustees have complied with their duty to have due regard to the guidance on public benefit published by the Charity Commission in exercising their powers or duties

Achievements and performance

Loreto Grammar School is an agent for school improvement via school-to-school support across the northwest of England and beyond. The headteacher is a National Leader in Education (NLE) and has led programmes of school-to-school support in a number of secondary schools. She has been appointed executive headteacher of a local school and the deputy headteacher, associate headteacher of the same school

	2010	2011	2012	2013
GCSE (KS4) results.				
5+A* - C	99%	99%	100%	99%
5+A* - C English	99%	99%	97%	98%
5+A* - C Maths	97%	94%	98%	97%
5+A* - C including Maths/English	97%	94%	95%	95%
6+A* - C English Baccalaureate	75%	78%	79%	77%

Ofsted report

Our inspection judgements were

• Overall Effectiveness	Outstanding
• Achievement & Progress of Pupils	Outstanding
• Quality of Teaching	Outstanding
• Behaviour & Safety of Teaching	Outstanding
• Leadership & Management	Outstanding

LORETO GRAMMAR SCHOOL

TRUSTEES' REPORT *(continued)*

PERIOD ENDED 31 AUGUST 2013

We are proud of our staff and students' achievements and we continue to make year on year improvements in every aspect of our work

Going concern

After making appropriate enquiries, the board of trustees has a reasonable expectation that the academy has adequate resources to continue in operational existence for the foreseeable future. For this reason it continues to adopt the going concern basis in preparing the financial statements. Further details regarding the adoption of the going concern basis can be found in the accounting policies note of the financial statements.

Key performance indicators

In 2013 the Year 11 group of 156 students achieved highly, maintaining the trend of improving GCSE results.

The best features of the results are

- The increase at Grade A* to 25%
- The increase at Grades A* / A to 62%
- The increase at Grades A* - C to 98%
- The increase of the average points score per student entry to 50

The pass rate at grades A* - C was 98%, with 99% of students achieving 5 or more passes at grades A* - C (target 96%). Additionally, 95% achieved 5 or more passes at grades A* - C including English and Mathematics, and 99% achieved 5 or more passes at grades A* - C including two Sciences. The E-Bacc measure was reached by 77% of students.

Overall, out of 1,606 GCSE entries, there were 406 A* grades and 593 A grades, with 62% of passes at these grades, (target 55%), and 89% at grades A* - B. Our students average total points score was 516, comfortably exceeding the target of 460, additionally, 102 students (65%) achieved 5+ A*/A grades, (target 65%), and 34 students achieved 10+ A*/A grades.

Attendance levels are regularly at, or above, 96%.

The academy places importance on staff retention and development in order to maintain the highest standards of teaching and learning.

Financial review

The trust's financial position for the period to 31 August 2013 demonstrates total income of £7,059,000 with a surplus at 31 August 2013 of £1,523,000. Of this amount £1,099,000 relates to the restricted fixed assets fund leaving £424,000 of funds available to meet school expenditure. The surplus has been allocated to reserves.

The reserves will be utilised for continuous improvements and for projects for the repair and replacement of educational equipment and materials. Reserves will also be allocated to the repair, replacement and updating of the academy's buildings, its plant, equipment and contents.

A strategic capital plan has been prepared and reviewed by the trustees in order that reserves can be prioritised and spent according to the needs of the academy.

LORETO GRAMMAR SCHOOL

TRUSTEES' REPORT *(continued)*

PERIOD ENDED 31 AUGUST 2013

The principal financial management policies adopted in the year are

- regular financial reviews of income and expenditure versus planned budgets at Finance & Premises Committee meetings, and
- consideration as to whether income streams demonstrate a robust and stable position to continue to enable the provision of resources of sufficient quality to fulfil the academy's educational obligations

Reserves carried forward at 31 August 2013 will be utilised as part of the medium and long term plans of the academy to improve and update its educational resources, materials and equipment, and additionally provide a continuous improvement plan to maintain and repair the site and facilities

Financial and risk management objectives and policies

The academy has developed risk management procedures as outlined above. The trustees have assessed the major risks to which the academy is exposed and a formal review of the trust's risk management process is undertaken on an annual basis.

Principal risks and uncertainties

Loreto Grammar School has created a risk register and risk review process in order to manage risk.

The principal risks are seen as the loss of reputation through falling standards, falling student rolls and failure to safeguard our students.

Key controls in place are

- an organisational structure with defined roles, responsibilities and authorisation levels,
- terms of reference for the committees of the board of trustees,
- financial planning, budgeting and regular management reporting highlighting areas of financial risk,
- formal written and published policies for employees, and
- vetting procedures as required by law for the protection of the vulnerable

The academy has recognised its share of the Local Government Pension Scheme (LGPS) assets and liabilities in accordance with Financial Reporting Standard No. 17. A deficit has been recognised at 31 August 2013. Future contribution rates are adjusted so as to reduce this deficit.

Reserves policy

The trustees review the reserve levels of the academy annually. This review encompasses the nature of income and expenditure stream, the need to match income with commitments and the nature of reserves. The trustees have determined that the appropriate level of free reserves should be equivalent to one month of the GAG, approximately £407,000. The reason for this is to provide sufficient working capital to cover delays between spending and receipt of grants and to provide a cushion to deal with unexpected emergencies such as urgent maintenance. The academy's current level of free reserves (total funds less the amount held in fixed assets restricted fund but excluding pension reserve) is £525,000.

LORETO GRAMMAR SCHOOL

TRUSTEES' REPORT *(continued)*

PERIOD ENDED 31 AUGUST 2013

Plans for future periods

Loreto Grammar School has been awarded Teaching School Status and seeks to develop this

Whole School objectives and plans for the 2013-14 year include

- continuing to improve standards in the core and English Baccalaureate subjects,
- increasing the percentage of pupils exceeding expected levels of progress in English and Maths,
- developing ICT for learning across the school with a focus on new technologies and the Virtual Learning Environment, and
- reviewing the rewards and sanctions reporting system to encourage success and support high attainment

Targets for 2013-14 agreed by the board of trustees include

- | | |
|--------------------------------------|------|
| ▪ 5+A* - C GCSE | 100% |
| ▪ 5+A* - C including English & Maths | 95% |
| ▪ Whole school attendance | 96% |

During 2012/13 Loreto Grammar School was awarded £263,687 in government funding from the 12/13 Academies Capital Maintenance Fund. The funding was for two projects, £161,632 for extensive roof repairs and £102,055 for a dining hall window replacement and heating upgrade.

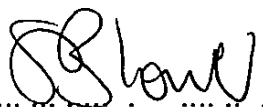
Auditors

In so far as the trustees are aware

- there is no relevant audit information of which the charitable company's auditor is unaware, and
- the trustees have taken all steps 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

The audit business HW, Chartered Accountants have been appointed as the company's auditor. The audit report has therefore been issued by HW, Chartered Accountants.

Approved by order of the board of trustees on 25 November 2013 and signed on its behalf by



Dr Stephanie Blower
Chair of trustees

LORETO GRAMMAR SCHOOL

GOVERNANCE STATEMENT

PERIOD ENDED 31 AUGUST 2013

Scope of responsibility

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

The board of trustees has delegated the day-to-day responsibility to the headteacher, as accounting officer, for ensuring financial controls conform to 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 Loreto Grammar School and the Secretary of State for Education. The accounting officer is also responsible for reporting to the board of trustees any material weaknesses or breakdowns in internal control.

Governance

The information on governance included here supplements that described in the trustees' report and in the statement of trustees' responsibilities. The board of trustees has met three times during the period. Attendance during the meetings of the board of trustees was as follows:

Trustee	Meetings attended	Out of possible
Mrs Jane Beever	3	3
Dr Stephanie Blower	3	3
Sr Bernadette Boland IBVM	3	3
Mr Martin Bourke	3	3
Mrs Patricia Brown	3	3
Mr Mark Cornes	2	3
Mr Michael Dunn	2	3
Mrs Elizabeth Flippance	3	3
Mr Gerald Ford	2	3
Dr Kathryn Grady	3	3
Sr Kathleen Hewitt IBVM	3	3
Mr James Lister	2	3
Mrs Kathryn Clare Marchmont	3	3
Dr Justin McCarthy	3	3
Sr Anne McEvoy IBVM	3	3
Mrs Sarah O'Neill	2	3
Mrs Catherine Rawlings	3	3
Mr Vincent Sweeney	3	3
Sr Bernadette Turtle IBVM (Cecilia Turtle)	3	3
Mrs Susan Williams	3	3

LORETO GRAMMAR SCHOOL

GOVERNANCE STATEMENT *(continued)*

PERIOD ENDED 31 AUGUST 2013

The Finance and Premises Committee is a sub-committee of the main board of trustees. Its purpose is to report to the full board of trustees on a timely basis on the finance of the academy. Attendance at meetings in the period was as follows:

Trustee	Meetings attended	Out of possible
Mrs Jane Beever	7	7
Dr Stephanie Blower	7	7
Sr Bernadette Boland IBVM *	3	7
Mr Vincent Sweeney	6	7
Mrs Susan Williams	5	7

* Absence due to recovery from operations

The purpose of the system of internal control

The system of internal control is designed to manage risk to a reasonable level rather than to eliminate all risk of failure to achieve policies, aims and objectives; it can therefore only provide reasonable and not absolute assurance of effectiveness. The system of internal control is based on an on-going process designed to identify and prioritise the risks to the achievement of academy's 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 Loreto Grammar School for the period ended 31 August 2013 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 the academy trust is exposed together with the operation, 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 of identifying, evaluating and managing the academy trust's significant risks that have been in place for the period ended 31 August 2013 and up to the date of approval of the annual report and financial statements. This process is regularly reviewed by the board of trustees.

The risk and control framework

The academy trust's system of internal 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 system with an annual budget and periodic financial reports which are reviewed and agreed by the board of trustees,
- regular review by the Finance and Premises Committee of reports which indicate financial performance against the forecasts and of major purchase plans, capital works and expenditure programmes,
- setting targets to measure financial and other performance,
- clearly defining purchasing (assets purchase or capital investment) guidelines,
- delegation of authority and segregations of duties, and
- identification and management of risks

LORETO GRAMMAR SCHOOL

GOVERNANCE STATEMENT *(continued)*

PERIOD ENDED 31 AUGUST 2013

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 B Lyons, chartered accountant and director of the Private Clients Division at Moors Andrew Thomas. The RO role includes giving advice on financial matters and performing a range of checks on the academy trust's financial systems. On a termly basis, the RO reports to the Chairs Committee on the operation of the systems or control and on the discharge of the board of trustees' financial responsibilities.

The responsible officer completed his most recent review in July 2013 and reported that there were no material control issues.

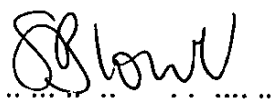
Review of effectiveness

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

- the work of the finance team within the academy trust who have responsibility for the development and maintenance of the internal control framework,
- the work of the Chairs Committee who have the responsibility for audit issues,
- the work of the responsible officer,
- the work of the external auditors, and
- the financial management and governance self-assessment process.

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

Approved by order of the board of trustees on 25 November 2013 and signed on its behalf by



Dr Stephanie Blower
Chair of trustees



Mrs Jane Beever
Accounting officer

LORETO GRAMMAR SCHOOL

STATEMENT ON REGULARITY, PROPRIETY AND COMPLIANCE

PERIOD ENDED 31 AUGUST 2013

As accounting officer of Loreto Grammar School I have considered my responsibility to notify the academy trust's board of trustees and the Education Funding Agency (EFA) of material irregularity, impropriety and non-compliance with EFA terms and conditions of funding, under the funding agreement in place between the academy trust 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 academy trust's board of trustees are able to identify any material irregular or improper use of funds by the academy trust, or material non-compliance with the terms and conditions of funding under the academy trust's funding agreement and the Academies Financial Handbook.

I confirm that no instances of material irregularity, impropriety or funding non-compliance have been discovered to date.



Mrs Jane Beever
Accounting officer

LORETO GRAMMAR SCHOOL

STATEMENT OF TRUSTEES' RESPONSIBILITIES

PERIOD ENDED 31 AUGUST 2013

The trustees (who act as governors of Loreto Grammar School and are also 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 applicable law, United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice) and the Annual Accounts Direction issued by the Education Funding Agency

Company law requires the trustees to prepare financial statements for each financial year, which give a true and fair view of the state of affairs of the charitable company and of the incoming resources and application of resources, including the income and expenditure, of the charitable company for the year. 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 judgements and 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 operation

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.

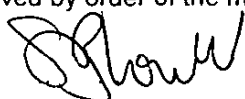
The trustees are responsible for ensuring that in its conduct and operation the charitable company applies financial and other controls which conform to the requirements both of propriety and good financial management. They are also responsible for ensuring that grants received from the Education Funding Agency and Department for Education have been applied for the purposes intended.

In so far as the trustees are aware

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

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 25 November 2013 and signed on its behalf by



Dr Stephanie Blower
Chair of trustees

LORETO GRAMMAR SCHOOL

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF LORETO GRAMMAR SCHOOL

PERIOD ENDED 31 AUGUST 2013

We have audited the financial statements of Loreto Grammar School for the period ended 31 August 2013 which comprise the statement of financial activities (including an income and expenditure account and the statement of recognised gains and losses), the balance sheet, the cash flow statement and the related notes. The financial reporting framework that has been applied in their preparation is applicable law, United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice) and the Accounts Direction 2013 issued by the Education Funding Agency.

This report is made solely to the academy trust'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 academy trust'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 academy trust and its members as a body, for our audit work, for this report, or for the opinions we have formed.

Respective responsibilities of trustees and auditor

As explained more fully in the Statement of Trustees' Responsibilities set out on page 13, the trustees (who are also the directors of the academy trust for the purposes of company law) are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view.

Our responsibility is to audit and express an opinion on the financial statements 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 (APB's) Ethical Standards for Auditors.

Scope of the audit of the financial statements

An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of whether the accounting policies are appropriate to the academy trust's circumstances and have been consistently applied and adequately disclosed, the reasonableness of significant accounting estimates made by the trustees, and the overall presentation of the financial statements. In addition, we read all the financial and non-financial information in the Trustees' Report to identify material inconsistencies with the audited financial statements. If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report.

Opinion on financial statements

In our opinion the financial statements

- give a true and fair view of the state of the academy trust's affairs as at 31 August 2013, and of its incoming resources and application of resources, including its income and expenditure, for the period 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 and the Academies Accounts Direction 2013 issued by the Education Funding Agency.

LORETO GRAMMAR SCHOOL

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF LORETO GRAMMAR SCHOOL *(continued)*

PERIOD ENDED 31 AUGUST 2013

Opinion on other matter prescribed by the Companies Act 2006

In our opinion the information given in the Trustees' Annual Report for the financial period for which the financial statements are prepared is consistent with the financial statements


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 financial statements 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

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Cheshire WA14 2UT

JOHN WHITTICK (Senior Statutory Auditor)
For and on behalf of
HW
Chartered Accountants
& Statutory Auditor



LORETO GRAMMAR SCHOOL

INDEPENDENT REPORTING ACCOUNTANT'S ASSURANCE REPORT ON REGULARITY TO THE LORETO GRAMMAR SCHOOL ACADEMY TRUST AND THE EDUCATION FUNDING AGENCY

PERIOD ENDED 31 AUGUST 2013

In accordance with the terms of our engagement letter dated 22 August 2013 and further to the requirements of the Education Funding Agency (EFA) as included in the Academies Accounts Direction 2013, we have carried out an engagement to obtain limited assurance about whether the expenditure disbursed and income received by Loreto Grammar School Academy Trust during the period 2 July 2012 to 31 August 2013 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 Loreto Grammar School Academy Trust and the EFA in accordance with the terms of our engagement letter. Our work has been undertaken so that we might state to the Loreto Grammar School Academy Trust 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 Loreto Grammar School Academy Trust and the EFA, for our work, for this report, or for the conclusion we have formed

Respective responsibilities of Loreto Grammar School Academy Trust's accounting officer and the reporting accountant

The accounting officer is responsible, under the requirements of Loreto Grammar School Academy Trust's funding agreement with the Secretary of State for Education dated 20 February 2012 and the Academies Financial Handbook, extant from 1 September 2012, 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 2013. 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 2 July 2012 to 31 August 2013 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 2013 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.

LORETO GRAMMAR SCHOOL

INDEPENDENT REPORTING ACCOUNTANT'S ASSURANCE REPORT ON REGULARITY TO THE LORETO GRAMMAR SCHOOL ACADEMY TRUST AND THE EDUCATION FUNDING AGENCY *(continued)*

PERIOD ENDED 31 AUGUST 2013

The work undertaken to draw our conclusions includes

- We have confirmed that the activities conform to the academy trust's framework of authorities As identified by review of minutes, management accounts, discussion with the accounting officer and other key management personnel
- We have carried out an analytical review as part of the consideration of whether general activities of the academy trust are within the academy trust's framework of authorities
- We have considered the evidence supporting the accounting officer's statement on regularity, propriety and compliance and have evaluated the general control environment of the academy trust and extended the procedures required for financial statements to include regularity
- We have assessed and tested a sample of the specific control activities over regularity of a particular activity In performing sample testing of expenditure, we have considered whether the activity is permissible within the academy trust's framework of authorities We confirm that each item tested has been appropriately authorised in accordance with the academy trust's delegated authorities and that the internal delegations have been approved by the board of trustees, and conform to the limits set by the Department for Education
- Formal representations have been obtained from the board of trustees and the accounting officer acknowledging their responsibilities including disclosing all non-compliance with laws and regulations specific to the authorising framework, access to accounting records, provision of information and explanations, and other matters where direct evidence is not available
- In performing sample testing of expenditure, we have reviewed against specific terms of grant funding within the funding agreement We have reviewed the list of suppliers and have considered whether supplies are from related parties and have reviewed minutes for evidence of declaration of interest, and whether or not there was involvement in the decision to order from this supplier
- We have performed sample testing of other income and tested whether activities are permitted within the academy trust's charitable objects


LORETO GRAMMAR SCHOOL

INDEPENDENT REPORTING ACCOUNTANT'S ASSURANCE REPORT ON REGULARITY TO THE LORETO GRAMMAR SCHOOL ACADEMY TRUST AND THE EDUCATION FUNDING AGENCY *(continued)*

PERIOD ENDED 31 AUGUST 2013

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 2 July 2012 to 31 August 2013 has not been applied to purposes intended by Parliament and the financial transactions do not conform to the authorities which govern them



HW, Chartered Accountants
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Cheshire
WA14 2UT

25 November 2013

LORETO GRAMMAR SCHOOL

STATEMENT OF FINANCIAL ACTIVITIES INCLUDING INCOME AND EXPENDITURE ACCOUNT AND STATEMENT OF TOTAL RECOGNISED GAINS AND LOSSES

PERIOD ENDED 31 AUGUST 2013

			Restricted	Restricted	fixed	Total
	Note	Unrestricted	general	asset		2013
		funds	funds	funds		
		£000	£000	£000		£000
Incoming resources						
Incoming resources from generated funds						
Transfer from local authority on conversion	27	329	(177)	922		1,074
Activities for generating funds	3	304	-	-		304
Investment income	4	1	-	-		1
Incoming resources from charitable activities						
Funding for the academy's educational operations	5	-	5,658	22		5,680
Total incoming resources		634	5,481	944		7,059
Resources expended						
Charitable activities						
Academy's educational operations	7	268	5,279	77		5,624
Governance costs	8	-	12	-		12
Total resources expended	6	268	5,291	77		5,636
Net incoming/(outgoing) resources before transfers		366	190	867		1,423
Gross transfers between funds	16	-	(232)	232		-
Net income/(expenditure) for the period		366	(42)	1,099		1,423
Other recognised gains and losses						
Actuarial (losses)/gains on defined benefit pension schemes	16,25	-	100	-		100
Net movement in funds		366	58	1,099		1,523
Reconciliation of funds						
Funds brought forward to 2 July 2012	16	-	-	-		-
Funds carried forward at 31 August 2013		366	58	1,099		1,523

All of the academy's activities derive from acquisitions in the current financial period

A statement of total recognised gains and losses is not required as all gains and losses are included in the statement of financial activities

LORETO GRAMMAR SCHOOL

BALANCE SHEET

AS AT 31 AUGUST 2013

	Notes	2013 £000	2013 £000
Fixed assets			
Tangible assets	12		1,099
Current assets			
Debtors	13	244	
Cash at bank and in hand		768	
		<u>1,012</u>	
Creditors: Amounts falling due within 1 year	14	<u>(487)</u>	
Net current assets			<u>525</u>
Total assets less current liabilities			1,624
Net assets including pension liability			
Pension scheme liability	25		(101)
Net assets including pension liability			<u>1,523</u>
Funds of the academy:			
Restricted funds			
Fixed asset fund(s)	16		1,099
General fund(s)	16		159
Pension reserve	16		<u>(101)</u>
Total restricted funds			<u>1,157</u>
Unrestricted funds	16		366
Total funds			<u>1,523</u>

The financial statements on pages 19 to 37 were approved by the trustees, and authorised for issue on 25 November 2013 and are signed on their behalf by



Dr Stephanie Blower
Chair of trustees

Company limited by guarantee, registration number 08125396

LORETO GRAMMAR SCHOOL

CASH FLOW STATEMENT

FOR THE PERIOD ENDED 31 AUGUST 2013

	Notes	2013 £000
Net cash inflow from operating activities	19	669
Returns on investments and servicing of finance	20	1
Capital expenditure	21	(232)
Cash transferred on conversion to an academy trust	27	330
(Decrease)/Increase in cash in the period	22	<u>768</u>
Reconciliation of net cash flow to movement in net funds		
Net funds at 2 July 2012		-
Net funds at 31 August 2013		<u>768</u>

All of the cash flows are derived from acquisitions in the current financial period

LORETO GRAMMAR SCHOOL

NOTES TO THE FINANCIAL STATEMENTS

FOR THE PERIOD ENDED 31 AUGUST 2013

1 Accounting policies

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 issued by the Education Funding Agency and the Companies Act 2006. A summary of the principal accounting policies, which have been applied consistently, except where noted, is set out below.

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 academy to continue as a going concern. The trustees have made their assessment in respect of a period of one year from the date of approval of the financial statements and confirm that going concern is appropriate for the academy.

Incoming resources

All incoming resources are recognised when the academy 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 in the restricted fixed asset fund.

Donations

Donations are recognised on a receivable basis where there is certainty of receipt and the amount can be reliably measured.

Other income

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

Donated services and gifts in kind

The value of donated services and gifts in kind provided to the academy are recognised at an estimate of their gross value in the period in which they are receivable as incoming resources, where the benefit to the academy can be reliably measured. An equivalent amount is included as expenditure under the relevant heading in the statement of financial activities, except where the gift in kind was a fixed asset in which case the amount is included in the appropriate fixed asset category and depreciated over the useful economic life in accordance with academy's policies.

LORETO GRAMMAR SCHOOL
NOTES TO THE FINANCIAL STATEMENTS (*continued*)

FOR THE PERIOD ENDED 31 AUGUST 2013

1 Accounting policies (*continued*)

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 the academy's educational operations.

Governance costs

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

All resources expended are inclusive of irrecoverable VAT.

Conversion to an academy

The conversion from a state maintained school to an academy trust involved the transfer of identifiable assets and liabilities and the operation of the school for £nil consideration and has been accounted for under the acquisition accounting method.

The assets and liabilities transferred on conversion from Loreto Grammar School to an academy trust have been valued at their fair value being a reasonable estimate of the current market value that the trustees would expect to pay in an open market for an equivalent item. Their fair value is in accordance with the accounting policies set out for Loreto Grammar School. The amounts have been recognised under the appropriate balance sheet categories, with a corresponding amount recognised in voluntary income as net income in the statement of financial activities and analysed under unrestricted funds, restricted general funds and restricted fixed asset funds. Land and buildings were transferred at depreciable value based on the cost less depreciation to date. Freehold land was valued based on the site's hectares at the trustees' estimate of the value of land in the area. The transferred pension deficit was valued by Hymans Robertson LLP.

Tangible fixed assets

Individual assets or groups of assets costing £1,000 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 fixed asset fund in the statement of financial activities and carried forward in the balance sheet. Depreciation on such assets is charged to the restricted fixed asset fund in the statement of financial activities so as to reduce the fund over the useful economic life of the related asset on a basis consistent with the academy's depreciation policy.

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 lives, as follows:

Freehold land	nil
Freehold buildings	50 years
ICT equipment	3 years

LORETO GRAMMAR SCHOOL
NOTES TO THE FINANCIAL STATEMENTS (continued)

FOR THE PERIOD ENDED 31 AUGUST 2013

1 Accounting policies (continued)

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.

Leased assets

Rentals under operating leases are charged on straight line basis over the lease term.

Taxation

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

Pensions benefits

Retirement benefits to employees of the academy are provided by the Teachers' Pension Scheme ('TPS') and the Local Government Pension Scheme ('LGPS'). These are defined benefit schemes, are contracted out of the State Earnings-Related Pension Scheme ('SERPS'), and the assets are held separately from those of the academy.

The TPS is an unfunded scheme and contributions are calculated so as to spread the cost of pensions over employees' working lives with the academy in such a way that the pension cost is a substantially level percentage of current and future pensionable payroll. The contributions are determined by the government actuary on the basis of quinquennial valuations using a prospective benefit method. As stated in Note 25, the TPS is a multi-employer scheme and the academy 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.

The LGPS is a funded scheme and the assets are held separately from those of the academy in separate trustee administered funds. Pension scheme assets are measured at fair value and liabilities are measured on an actuarial basis using the projected unit 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.

Fund accounting

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

Restricted fixed asset funds are resources which are to be applied to specific capital purposes imposed by the Education Funding Agency/Department for Education/sponsor/other funders 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/Department for Education.

LORETO GRAMMAR SCHOOL
NOTES TO THE FINANCIAL STATEMENTS (continued)

FOR THE PERIOD ENDED 31 AUGUST 2013

2 General Annual Grant (GAG)

Under the funding agreement with the Secretary of State, the academy trust was not subject to limits on the amount of GAG that it could carry forward at 31 August 2013

3 Activities for generating funds

	General	Fixed
	Unrestricted	asset
	restricted	restricted
	funds	funds
	2013	2013
	£000	£000
Hire of facilities	1	-
Educational trips	230	-
Other income	73	-
	<u>304</u>	<u>-</u>

4 Investment income

	General	Fixed
	Unrestricted	asset
	restricted	restricted
	funds	funds
	2013	2013
	£000	£000
Short term deposits	1	-
	<u>1</u>	<u>-</u>

5 Funding for academy's educational operations

	General	Fixed
	Unrestricted	asset
	restricted	restricted
	funds	funds
	2013	2013
	£000	£000
DfE/EFA revenue grants		
General Annual Grant (GAG) (note 2)	-	5,296
Start up grants	-	25
Capital grants	-	263
Other DfE/EFA grants	-	44
	<u>-</u>	<u>5,628</u>
Other government grants		
Local authority grants	-	30
	<u>-</u>	<u>30</u>
	<u>-</u>	<u>5,658</u>
		<u>22</u>

LORETO GRAMMAR SCHOOL
NOTES TO THE FINANCIAL STATEMENTS (continued)

FOR THE PERIOD ENDED 31 AUGUST 2013

6 Resources expended

	Non pay expenditure			Total 2013 £000
	Staff costs £000	Premises £000	Other costs £000	
Academy's educational operations				
Direct costs	3,506	69	705	4,280
Allocated support costs	494	707	143	1,344
	<u>4,000</u>	<u>776</u>	<u>848</u>	<u>5,624</u>
Governance costs including allocated support costs	-	-	12	12
	<u>4,000</u>	<u>776</u>	<u>860</u>	<u>5,636</u>

The method used for the apportionment of support costs is disclosed in the accounting policies

Incoming/outgoing resources for the period include.

Operating leases	
Fees payable to auditor	
Audit	5
Other services	4
	<u> 9</u>

7 Charitable activities - academy's educational operations

	General		Fixed asset
	Unrestricted funds	restricted funds	restricted funds
	2013 £000	2013 £000	2013 £000
Direct costs			
Teaching and educational support staff costs	-	3,506	-
Depreciation	-	-	69
Educational supplies	-	181	-
Examination fees	-	94	-
Staff development	-	22	-
Educational consultancy	-	15	-
Information technology	-	98	-
Educational trips	268	-	-
Other direct costs	-	27	-
	<u>268</u>	<u>3,943</u>	<u>69</u>

LORETO GRAMMAR SCHOOL
NOTES TO THE FINANCIAL STATEMENTS (continued)

FOR THE PERIOD ENDED 31 AUGUST 2013

7 Charitable activities - academy's educational operations (continued)

	Unrestricted funds	General restricted funds	Fixed asset restricted funds
	2013	2013	2013
	£000	£000	£000
Allocated support costs			
Support staff costs	-	494	-
Pension costs	-	24	-
Depreciation	-	-	8
Maintenance of premises and equipment	-	381	-
Cleaning	-	141	-
Rent & rates	-	58	-
Energy costs	-	78	-
Insurance	-	38	-
Security	-	3	-
Transport	-	3	-
Catering	-	19	-
Other support costs	-	97	-
	-	1,336	8
	268	5,279	77

8 Governance costs

	Unrestricted funds	General restricted funds	Fixed asset restricted funds
	2013	2013	2013
	£000	£000	£000
Legal and professional fees	-	3	-
Auditor's remuneration			
Audit of financial statements	-	5	-
Other audit costs	-	4	-
	-	12	-

9 Staff costs

	2013
	£000
Staff costs during the period were	
Wages and salaries	3,287
Social security costs	251
Pension costs	456
	3,994
Supply teacher costs included within the payroll	6
	4,000

Supply staff agency costs were £nil

LORETO GRAMMAR SCHOOL
NOTES TO THE FINANCIAL STATEMENTS (continued)

FOR THE PERIOD ENDED 31 AUGUST 2013

9 Staff costs (continued)

The average number of persons (including senior management team) employed by the academy during the period, and the full time equivalents, was as follows

	2013 Number	2013 Full-time equivalent
Charitable activities		
Teachers	68	61
Administration and support	43	24
Management	6	6
	117	91

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

	2013 Number
£60,001 - £70,000	1
£80,001 - £90,000	1
	2

Both of the above employees participated in the Teacher's Pension Scheme. During the period ended 31 August 2013, pension contributions for these staff amounted to £21,842

10 Related party transactions - trustees' remuneration and expenses

The principal and other staff trustees only receive remuneration in respect of services they provide undertaking the roles of principal and staff, and not in respect of their services as trustees. Other trustees did not receive any payments, other than expenses, from the academy trust in respect of their role as trustees. The value of trustees' remuneration for the period was as follows

Mrs Jane Beever (principal and trustee)	£85,001 - £90,000
Mrs Kathryn Clare Marchmont (staff trustee)	£45,001 - £50,000
Mr Michael Dunn (staff trustee)	£40,001 - £45,000
Mrs Elizabeth Flippance (staff trustee)	£20,001 - £25,000

During the period ended 31 August 2013, travel and subsistence expenses totalling £183 were reimbursed to 3 trustees

11 Trustees' and officers' insurance

In accordance with normal commercial practice the academy has purchased insurance to protect trustees and officers from claims arising from negligent acts, errors or omissions occurring whilst on academy business. The insurance provides cover up to £2,000,000 on any one claim and the cost for the period ended 31 August 2013 was £5,240. The cost of this insurance is included in the total insurance cost

LORETO GRAMMAR SCHOOL
NOTES TO THE FINANCIAL STATEMENTS (continued)

FOR THE PERIOD ENDED 31 AUGUST 2013

12 Tangible fixed assets

	Freehold land & Computer buildings equipment		Total
	£000	£000	£000
Cost			
At 2 July 2012	-	-	-
Transfer on conversion	922	-	922
Additions	-	254	254
Disposals	-	-	-
At 31 August 2013	922	254	1,176
Depreciation			
At 2 July 2012	-	-	-
Charged in period	31	46	77
Disposals	-	-	-
At 31 August 2013	31	46	77
Net book values			
At 31 August 2013	891	208	1,099
At 2 July 2012	-	-	-

On conversion to academy status the academy inherited the freehold interest in the school land and buildings from the Institute of the Blessed Virgin Mary (Loreto Sisters) Registered Charity No 250607 under FRS 5. The risks and rewards of ownership having transferred to the academy, the land and buildings are included as a gift in kind for the period, despite legal ownership not having been transferred. Buildings to the value of £582,000 are included in fixed asset additions at depreciated replacement cost, estimated by the trustees as at 2 July 2012. The total land value in fixed asset additions is £340,000.

The net book value of freehold land and buildings consists of £551,217 in respect of buildings and £340,000 in respect of land.

13 Debtors	2013
	£000
Trade debtors	12
VAT recoverable	64
Prepayments and accrued income	168
	<u>244</u>
14 Creditors' amounts falling due within one year	2013
	£000
Trade creditors	302
Accruals and deferred income	185
	<u>487</u>

LORETO GRAMMAR SCHOOL
NOTES TO THE FINANCIAL STATEMENTS (continued)

FOR THE PERIOD ENDED 31 AUGUST 2013

15 Creditors amounts falling due within one year (continued)

Deferred income	2013 £000
Deferred income at 2 July 2012	-
Resources deferred in the period	97
Amounts released from previous years	-
Deferred income at 31 August 2013	<u>97</u>

At the balance sheet date the academy trust was holding funds received in advance for school trips, National Teaching School grant and Teacher Training grant

16 Funds

	Balance at 2.7.12 £000	Incoming resources £000	Resources expended £000	Gains, losses & transfers £000	Balance at 31 8 13 £000
Restricted general funds					
General Annual Grant (GAG)	-	5,296	(4,905)	(254)	137
Start Up Grant	-	25	(25)	-	-
Capital grants	-	263	(263)	22	22
Other DfE/EFA grants	-	44	(44)	-	-
Local authority grant	-	30	(30)	-	-
	-	5,658	(5,267)	(232)	159
Pension reserve	-	(177)	(24)	100	(101)
	-	5,481	(5,291)	(132)	58
Restricted fixed asset funds					
DfE/EFA capital grants	-	22	-	(22)	-
Inherited on conversion	-	922	(31)	-	891
Spend from unrestricted reserves	-	-	(46)	254	208
	-	944	(77)	232	1,099
Total restricted funds	-	6,425	(5,368)	100	1,157
Unrestricted funds	-	634	(268)	-	366
Total funds	-	7,059	(5,636)	100	1,523

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

Restricted general funds are those resources that have been designated restricted by the grant provider in meeting the objectives of the academy

Restricted fixed asset funds are those funds relating to the long term assets of the academy used in delivering the objectives of the academy

Unrestricted funds are those funds to which the board of trustees may use in the pursuance of the academy's objectives and are expendable at the discretion of the trustees

Under the funding agreement with the Secretary of State, the academy was not subject to a limit on the amount of GAG that it could carry forward at 31 August 2013

LORETO GRAMMAR SCHOOL
NOTES TO THE FINANCIAL STATEMENTS *(continued)*

FOR THE PERIOD ENDED 31 AUGUST 2013

17 Analysis of net assets between funds

	Unrestricted	Restricted	Restricted	Total
	funds	general	fixed	funds
	£000	funds	asset	£000
	£000	£000	£000	£000
Tangible fixed assets	-	-	1,099	1,099
Current assets	366	646	-	1,012
Current liabilities	-	(487)	-	(487)
Pension scheme liability	-	(101)	-	(101)
Total net assets	366	58	1,099	1,523

18 Financial commitments

Operating leases

At 31 August 2013 the academy had annual commitments under non-cancellable operating leases as follows

	2013
	£000
Other	
Expiring within one year	-
Expiring within two and five years inclusive	11
Expiring in over five years	-
	<u>11</u>

19 Reconciliation of net income to net cash inflow from operating activities

	2013
	£000
Net income	1,423
Depreciation (note 12)	77
Donated assets	(1,075)
Capital grants from DfE/EFA and other capital income	(22)
Interest receivable (note 4)	(1)
FRS 17 pension costs	24
(Increase)/decrease in debtors	(244)
(Decrease)/increase in creditors	487
Net cash inflow from operating activities	<u>669</u>

20 Returns on investments and servicing of finance

	2013
	£000
Interest received	1
Net cash inflow from returns on investment and servicing of finance	<u>1</u>

21 Capital expenditure and financial investment

	2013
	£000
Purchase of tangible fixed assets	(254)
Capital grants from DfE/EFA	22
Net cash outflow from capital expenditure and financial investment	<u>(232)</u>

LORETO GRAMMAR SCHOOL
NOTES TO THE FINANCIAL STATEMENTS (continued)

FOR THE PERIOD ENDED 31 AUGUST 2013

22 Analysis of changes in net funds	At 2.7.12 £000	Cash flows £000	At 31.8 13 £000
Cash in hand and at bank	-	768	768
	-	768	768

23 Contingent liabilities

During the period of the funding agreement, in the event of the sale or disposal by other means of any asset for which a government capital grant was received, the academy is required either to re-invest the proceeds or to repay to the Secretary of State for Education 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 the academy serving notice, the academy shall repay to the Secretary of State sums determined by reference to

- a) the value at that time of the academy's site and premises and other assets held for the purpose of the academy, 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

24 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

25 Pension and similar obligations

The academy's employees belong to two principal pension schemes the Teachers' Pension Scheme England and Wales (TPS) for academic and related staff, and the Local Government Pension Scheme (LGPS) for non-teaching staff, which is managed by Tameside Metropolitan Borough Council 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 2010

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

Teachers' Pension Scheme

Introduction

The Teachers' Pension Scheme (TPS) is a statutory, contributory, defined benefit scheme, governed by the Teachers' Pensions Regulations (2010) These regulations apply to teachers in schools that are maintained by local authorities and other educational establishments, including academies, in England and Wales In addition teachers in many independent and voluntary-aided schools and teachers and lecturers in some establishments of further and higher education may be eligible for membership

Membership is automatic for full-time teachers and lecturers and from 1 January 2007 automatic too for teachers and lecturers in part-time employment following appointment or a change of contract Teachers and lecturers are able to opt out of the TPS

LORETO GRAMMAR SCHOOL
NOTES TO THE FINANCIAL STATEMENTS (continued)

FOR THE PERIOD ENDED 31 AUGUST 2013

25 Pension and similar obligations (continued)

The Teachers' Pension Budgeting and Valuation Account

Although members may be employed by various bodies, their retirement and other pension benefits are set out in regulations made under the Superannuation Act (1972) and are paid by public funds provided by Parliament. 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 under arrangements governed by the above Act.

The Teachers' Pensions Regulations require an annual account, the Teachers' Pension Budgeting and Valuation 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.

Actuarial scheme valuations are dependent on assumptions about the value of future costs, the design of benefits and many other factors. Many of these assumptions are being considered as part of the work on the reformed TPS, as set out below. Scheme valuations therefore remain suspended. The Public Service Pensions Bill, which is being debated in the House of Commons, provides for future scheme valuations to be conducted in accordance with Treasury directions. The timing for the next valuation has still to be determined, but it is likely to be before the reformed schemes are introduced in 2015.

Teachers' Pension Scheme changes

Lord Hutton published his final report in March 2011 and made recommendations 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 and ministers engaged in extensive discussions with trade unions and other representative bodies on reform of the TPS. Those discussions concluded on 9 March 2012 and the department published a Proposed Final Agreement, setting out the design for a reformed TPS to be implemented from 1 April 2015.

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NOTES TO THE FINANCIAL STATEMENTS (continued)

FOR THE PERIOD ENDED 31 AUGUST 2013

25 Pension and similar obligations (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. Importantly, 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 just 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 were to be phased in from April 2012 on a 40/80/100% basis.

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 period ended 31 August 2013 was £107,000, of which employer's contributions totalled £79,000 and employees' contributions totalled £28,000. The agreed contribution rates for future years are unconfirmed.

As described in note 1 the LGPS obligation relates to the employees of the academy trust, who were the employees transferred as part of the conversion from the maintained school and new employees who were eligible to, and did, join the Scheme in the period. The obligation in respect of employees who transferred on conversion represents their cumulative service at both the predecessor school and the academy trust at the balance sheet date.

Principal actuarial assumptions

	At
	31.8.13
Rate of increase in salaries	4.6%
Rate of increase for pensions in payment / inflation	2.8%
Discount rate for scheme liabilities	4.6%
Inflation assumption (CPI)	2.9%

The sensitivities regarding the principal assumptions used to measure the scheme liabilities are set out

Change in assumptions at 31 August 2013	Approximate % increase to employer liability	Approximate monetary amount £000
0.5% decrease in real discount rate	12%	185
1 year increase in member life expectancy	3%	47
0.5% increase in the salary increase rate	3%	44
0.5% increase in the pension increase rate	9%	140

LORETO GRAMMAR SCHOOL
NOTES TO THE FINANCIAL STATEMENTS (continued)

FOR THE PERIOD ENDED 31 AUGUST 2013

25 Pension and similar obligations (continued)

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

	At 31.8.13
Retiring today	
Males	20.1
Females	22.9
Retiring in 20 years	
Males	22.5
Females	25.0

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

	Expected return at 31.8.13	Fair value at 31.8.13 £000
Equities	6.6%	1,053
Bonds	3.9%	263
Property	4.7%	88
Cash	3.6%	59
Total market value of assets		<u>1,463</u>
Present value of scheme liabilities		
- Funded		(1,564)
Surplus/(deficit) in the scheme		<u>(101)</u>

The rates of return have been determined using the Hymans Robertson Asset Model which is a type of model known as an economic scenario generator and uses probability distributions to project a range of possible outcomes for the future behaviour of asset returns and economic variables. Some of the parameters of the model are dependent on the current state of financial markets and are updated each month (for example, the current level of equity market volatility) while other more subjective parameters do not change with different calibrations of the model. The expected returns have been calculated using 5,000 simulations of the Hymans Robertson Asset Model, calibrated using market data as at a recent date.

The actual return on scheme assets was £201,000

Amounts recognised in the statement of financial activities

	2013 £000
Current service cost (net of employee contributions)	104
Total operating charge	<u>104</u>

Analysis of pension finance income / (costs)

Expected return on pension scheme assets	(63)
Interest on pension liabilities	62
Pension finance income / (costs)	<u>(1)</u>

LORETO GRAMMAR SCHOOL
NOTES TO THE FINANCIAL STATEMENTS (continued)

FOR THE PERIOD ENDED 31 AUGUST 2013

25 Pension and similar obligations (continued)

The actual gains and losses for the current period 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 £100,000 gain.

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

	2013
	£000
At 1 September 2012	1,333
Current service cost	104
Interest cost	62
Employee contributions	28
Actuarial (gain)/loss	37
At 31 August 2013	<u>1,564</u>

Movements in the fair value of academy's share of scheme assets.

	2013
	£000
At 1 September 2012	1,156
Expected return on assets	63
Actuarial gain/(loss)	137
Employer contributions	79
Employee contributions	28
At 31 August 2013	<u>1,463</u>

The estimated value of employer contributions for the year ended 31 August 2014 is £78,000.

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

	2013
	£000
Present value of defined benefit obligations	(1,564)
Fair value of share of scheme assets	1,463
Surplus/(Deficit) in the scheme	<u>(101)</u>
Experience adjustments on share of scheme assets	<u>137</u>
Experience adjustments on scheme liabilities.	<u>-</u>

Parliament has agreed, at the request of the Secretary of State for Education, to guarantee that, in the event of academy closure, outstanding Local Government Pension Scheme liabilities would be met by the Department for Education. The guarantee came into force on 18 July 2013.

LORETO GRAMMAR SCHOOL
NOTES TO THE FINANCIAL STATEMENTS (continued)

FOR THE PERIOD ENDED 31 AUGUST 2013

26 Related party transactions

Trustees who are also members of staff of the academy have been paid in accordance with national agreed levels as members of staff. There have been no other transactions with related parties that require reporting under FRS8.

Owing to the nature of the academy trust's operations and the composition of the board of trustees being drawn from local public and private sector organisations, transactions may take place with organisations in which a trustee has an interest. All transactions involving such organisations are conducted at arms' length and in accordance with the academy trust's financial regulations and normal procurement procedures.

27 Conversion to an academy trust

On 1 August 2012 the Loreto Grammar School converted to academy trust status under the Academies Act 2010 and all the operations and assets and liabilities were transferred to Loreto Grammar School from the Trafford Local Authority for £nil consideration.

The transfer has been accounted for using the acquisition method. The assets and liabilities transferred were valued at their fair value and recognised in the balance sheet under the appropriate headings with a corresponding net amount recognised as net income in the statement of financial activities.

The following table sets out the fair values of the identifiable assets and liabilities transferred and an analysis of their recognition in the SOFA.

	Unrestricted funds £000	Restricted general funds £000	Restricted fixed asset funds £000	Total funds £000
Tangible fixed assets				
Freehold land and buildings	-	-	922	922
Budget surplus/(deficit) on LA funds	290	-	-	290
Budget surplus/(deficit) on other school funds	39	-	-	39
LGPS pension surplus/(deficit)	-	(177)	-	(177)
Borrowing obligations	-	-	-	-
Other identified assets and liabilities	-	-	-	-
Net assets/(liabilities)	329	(177)	922	1,074

The above net assets include £330,255 that were transferred as cash.