

Company Registration No. 08125396 (England and Wales)

LORETO GRAMMAR SCHOOL
(A COMPANY LIMITED BY GUARANTEE)

TRUSTEES' REPORT AND AUDITED ACCOUNTS
FOR THE YEAR ENDED 31 AUGUST 2017

Haines Watts

Chartered Accountants & Registered Auditors

**Bridge House
157A Ashley Road
Hale
Altrincham
Cheshire
WA14 2UT**

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LORETO GRAMMAR SCHOOL

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LORETO GRAMMAR SCHOOL

REFERENCE AND ADMINISTRATIVE DETAILS

Trustees

Mrs J Beever (Headteacher and accounting officer) *
Dr S Blower (Chair of trustees until 3.7.17) *
Sr B Boland IBVM * (resigned 3.7.17)
Mr M Bourke
Mrs P Brown
Dr K Grady
Sr K Hewitt IBVM
Mr J Lister * (Chair of trustees from 3.7.17)
Mrs K C Marchmont
Dr J McCarthy
Sr A McEvoy (resigned 31.12.16)
Mrs C Rawlings *
Mr V Sweeney *
Sr B Turtle IBVM
Mr M Ashley

* members of the Finance and Premises Committee

Members

The Institute of the Blessed Virgin Mary
Loreto Education Trust
Mr J Lister

Senior management team

- Headteacher	Mrs Jane Beever
- Assistant headteacher	Ms Helen Jordan (resigned 31.8.17)
- Assistant headteacher	Mrs Elizabeth Nash
- Assistant headteacher	Dr Martine Fleming (resigned from AHT position 31.8.17)
- Assistant headteacher	Mrs Frances Green
- Director of teaching schools	Mrs Victoria Atherton
- Business manager	Mrs Patricia Booth

Company registration number

08125396 (England and Wales)

Registered office

Dunham Road, Altrincham, Cheshire, WA14 4AH

Independent auditor

Haines Watts, Bridge House, Ashley Road, Hale
Altrincham, Cheshire, WA14 2UT

Bankers

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

Solicitors

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

LORETO GRAMMAR SCHOOL

TRUSTEES' REPORT

FOR THE YEAR ENDED 31 AUGUST 2017

The trustees and directors present their report with the financial statements of the charitable company for the year ended 31 August 2017.

Structure, governance and management

Constitution

The land and buildings occupied by the academy trust are owned by the trustees of the Institute of the Blessed Virgin Mary (Charity registration number 250607). The trustees own the freehold of the site. The academy trust occupies the site under a mere licence, which does not create an interest in land. The site is always recoverable, and the licence therefore passes no rights to the academy trust to occupy the site. The trustees have, however, undertaken to the Secretary of State, by virtue of the Church Supplemental Agreement, to make the land available for use by the academy trust, which use may be terminated by the trustees by their giving not less than 2 years notice.

There are continuing discussions between the Catholic Education Service (CES) and the ESFA about the correct accounting treatment of Church land and buildings, to reflect the actual 'asset' of the academy trust, which may well change the basis of the valuation of what is currently recorded in the academy trust's accounts. Until these discussions are concluded, the directors of the academy trust have decided to continue to include a value of the land and buildings in the academy trust accounts, acknowledging that in the future this accounting treatment may no longer be deemed appropriate.

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. Details of the registered office are shown on page 1.

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

All 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 2017 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 10.

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 two parent trustees and two staff trustees (currently one) 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)

FOR THE YEAR ENDED 31 AUGUST 2017

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 for 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, data protection and risk management;
- Finance & Premises incorporating the Health and Safety subcommittee, 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 4 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 safeguarding 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 address strategic developmental matters and to advise the headteacher on day to day responsibilities. In addition, the headteacher has an Extended Leadership Team which comprises senior leaders from middle management, both pastoral and academic. This group takes a broad overview of quality assurance of whole school matters pertaining to the whole school development plan for the given academic year.

Arrangements for setting pay and remuneration of key management personnel

The remuneration of key management personnel is set in accordance with the Teachers' Pay and Conditions document which is updated annually. Progression up the scale is dependent on performance management. The staffing trustees are responsible for reviewing all pay and performance related issues.

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.

LORETO GRAMMAR SCHOOL

TRUSTEES' REPORT (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2017

Related parties and other connected charities and organisations

The Loreto Education Trust (company number 07992044) was incorporated on 7 July 2012. The Memorandum of the trust refers to the schools and colleges owned or operated by the English Province of the Institute of the Blessed Virgin Mary, which includes Loreto Grammar School. Amongst the powers of the trust is the right to appoint foundation trustees under the direction of the Province Leader and to delegate to the board of trustees such powers and rights to operate and run the schools and colleges as the charity shall determine.

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). Loreto Grammar School is part of the Loreto Education Trust with four other Loreto Schools in England. Two key documents inspire the school's mission, namely The Kolkata Guidelines and the Vision, Values and Philosophy of Education of Loreto Schools, with seven core values of Sincerity, Freedom, Justice, Joy, Truth, Internationality and Excellence.

Loreto is part of an international context and through the IBVM is proud to be part of the NGO status (non-governmental organisation) that the order holds at the United Nations. Specific partnerships include Loreto Bowbazar, Kolkata and Loreto Seville.

The vision of the trustees of Loreto Grammar School is to create a culture of success to extend lifetime opportunities for young people and to do everything possible to encourage this in the specific context of a Catholic Girls' Grammar School.

The school was judged outstanding both in its Section 5 Ofsted report (2008) Section 48 Report (2009) and Section 48 report (2013). The school engages actively with the Loreto English Education Network (LEEN) and produces an annual report (The Mary Ward Evaluation) to the Loreto Education Trust board. In 2017 the school received a two-day visit from LEEN who carried out a review of the school and who noted in conclusion to their report:

"At the end of our visit, we felt privileged to be leaving with a comprehensive view of the school and with a greater understanding of the impact that Mary Ward and the Values have on the life and soul of the school. The joy we experienced and the overwhelming sense of community made us realise that in Loreto Altrincham the life of Mary Ward is not simply history, nor are her Values simply words."

In April 2017 HMI visited Loreto to carry out a curriculum review as part of a broader national review for Her Majesty's Chief Inspector (HMCI). Again this was a thorough review to explore the breadth, impact and rigour of the curriculum at school. HMI noted that **"The curriculum, informal curriculum and extra - curricular offer enrich and broaden the experience of the girls, to make them ready for the world that awaits them"**. He also commented that **'Everything is supported by the excellent Pastoral system which provides help particularly with emotional resilience.'** The impact of the STEM curriculum was noted and will be included in an Ofsted Best Practice review.

The school is a National Support School (NSS), a National Teaching School (since April 2013) and provides significant school-to-school support on a regular basis to other establishments. The headteacher is a National Leader of Education (NLE). Loreto Grammar School has a Teaching School network and works in close collaboration with a wide number of schools. It is part of the Trafford Teaching School network and the Greater Manchester Partnership. Loreto Grammar School is currently providing extensive support to a Catholic High School in North Trafford. The head of Loreto is the executive head of the school whilst the deputy head of Loreto is the associate headteacher.

LORETO GRAMMAR SCHOOL

TRUSTEES' REPORT (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2017

The Teaching School provides specific support and training for other establishments and has bid for school-to-school (S2S) support monies for four schools. Loreto Teaching School runs a highly successful School Direct ITT programme, a training programme for newly qualified teachers in the locale, Middle Leadership Training accredited by the Specialist Schools and Academies Trust and the Women into Secondary Headship (WISH) network. The school continues to be a lead on a Modern Foreign Languages development programme to support language training skills of current teachers in the North West. Loreto Teaching School plays an active role in the North West Catholic Training Partnership (NWCTP) and provides bespoke support for other identified schools on a regular basis including leadership and management and teaching and learning support.

At Loreto, 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 implementation of the new curriculum changes have been a strong focus for Loreto. The development of the whole person is key to any understanding of "success" by the school and academic excellence. Results are outstanding and in the academic year 2016/17 the school was ranked 66th nationally for its academic results at GCSE and A level combined (2016). The new measure of Progress 8 was +0.5. The academic results in 2017 were also outstanding at every level.

Other successes include:

- An outstanding evening careers' event for Y11 – 13
- The school received the Transforming Education for Moral Purpose award from the Specialist Schools trust
- Sporting excellence included the D of E Bronze, Silver and Gold expeditions and success in national 1500 metres
- Nomination as a MHFA School (Mental Health First Aid Award)
- Creative excellence was celebrated for example in the Musical evenings and the Art Exhibitions.
- The ISM Silver award for academic Music success
- International visits of which 3 were our exchange programmes to France, Germany and Spain, 30 Sixth Form Girls also participated in a visit to our sister school in Kolkata and the HALO visit to Lourdes
- The school is nationally reputed as a lead in STEM work and this continues to flourish

As a Catholic school, the academy fosters the personal development of the young person in all her fullness in a way that helps students to find meaning in their lives and respond with creativity and determination to the challenges that arise in life and society. Loreto successfully bid to be part of the National Character Education pilot for schools and was chosen as one of 17 schools from over 170 applicants. PSHCE and form time play an important role in the development of the pupils and in fostering our Catholic ethos and Mary Ward ethos.

Objectives, strategies and activities

The academy's objective for the year ended 31 August 2017 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 2017 was 1062.

Admissions: the academy is currently fully-subscribed and operates a waiting list.

Permanent exclusions: there has 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 2017 was 96.

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.

LORETO GRAMMAR SCHOOL

TRUSTEES' REPORT (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2017

Strategic report

Achievements and performance and key performance indicators

Achievement is outstanding at all key stages, and continues to show rising trends, which are of particular significance within the context of lower achievement nationally.

GCE A Levels, Year 13

This year the first the Reformed A Levels were examined, with assessment mostly through terminal examinations, and much less emphasis on coursework tasks.

This year group has achieved very good results at A Level, and has exceeded school targets with ease. The cohort of 134 students studied a range of 30 subjects at A and AS Levels.

The A level pass rate at grades A* - E was 99.5%, (target 99%), with 70% of passes at grades A*-B, (target 67%), (recent average 72%), and 90% at grades A*-C (recent average 90%).

The majority of students studied 3 subjects to A Level, and 129 students (96%) achieved 3 subjects, with 25 students (19%) achieving 4 subjects, (some including General Studies). This year 29 students (22%) achieved 3 or more subjects at grade A*/A, some including EPQ (previous best 28%).

The best features of the results are:

- The percentage of results at Grades A*/A of 37%
- The percentage of results at Grades A* - B of 71.5%
- The percentage of results at Grades A* - E of 99.5%

GCSE, Year 11

This year the first of the reformed GCSE courses were examined, in English Language and Literature and Mathematics, with the new 9 – 1 grading system. For comparison, Grades 9 and 8 are equivalent to Grade A*, Grade 7 to Grade A and Grade 4 to a low Grade C.

This year group of 151 students have achieved **outstanding** GCSE results.

The best features of the results are:

- The increase at Grade 9/8/A* to 38%
- The increase at Grades 9/8/A* - 7/A to 75%
- The percentage of Grades 9/A* - 4/C of 99%
- The increase of percentage of students achieving 10+ Grades 9/8/A*- 7/A to 36%
- The increase of percentage of students achieving 5+ Grades 9/8/A*- 7/A to 87%
- The increase in the Attainment 8 Score to 71.0

The pass rate at grades 9/A* - 4/C was 99%, with 100% of students achieving 5 or more passes at grades 9/A* - 4/C (target 96%). Additionally, 100% achieved 5 or more passes at grades A* - C including English and Mathematics, and 99% achieved 5 or more passes at grades 9/A* - 4/C including two Sciences. The e-bacc measure was achieved by 80% of students.

Within the new Accountability Measures, 100% of students achieved the 'Standard Pass' of Grade 4+ in both English and Mathematics, with 99.3% and 98.7% achieving the 'Strong Pass' of Grade 5+ in English and in Mathematics respectively; with 98.7% achieving this standard in both.

Overall, out of 1,576 GCSE entries, there were 593 9/8/A* grades and 576 7/A grades, with 74% of passes at these grades, (target 55%), and 93% at grades A* - B (grades 9-6). Our students' average total points score was 556, comfortably exceeding the target of 460. Additionally, 129 students (85%) achieved 5+ 9/8A*-7/A grades, (target 65%), and 92 students (61%) achieved 8+ 9/8A*-7/A grades, and a total of 53 students (35%) achieved 10+9/8A*-7/A grades.

Attendance levels are regularly at, or above, 97%. There is continued improvement in attendance rates including increases in those achieving 100% attendance.

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

LORETO GRAMMAR SCHOOL

TRUSTEES' REPORT (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2017

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.

Financial review

The trust's financial position for the period to 31 August 2017 demonstrates total income of £5,245,000 with a total funds carried forward balance as at 31 August 2017 of £1,805,000. Of this amount £1,787,000 relates to the restricted fixed assets fund, £645,000 pension deficit, leaving £663,000 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.

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.

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.

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 £376,000. 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 £663,000.

Investment policy

Surplus funds are invested through Lloyds on the Money Market to maximise income. The level of investment is balanced with known and estimated cash requirements and is approved by the Finance Committee.

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 above are underpinned by external audits including safeguarding, health and safety and fire risk.

LORETO GRAMMAR SCHOOL

TRUSTEES' REPORT (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2017

The academy has recognised its share of the Local Government Pension Scheme (LGPS) assets and liabilities in accordance with Financial Reporting Standard No. 102. A deficit has been recognised at 31 August 2017. Future contribution rates are adjusted so as to reduce this deficit.

Plans for future periods

We continue to ensure that the academy remains successful in the following ways:

- A focus on providing a fulfilling and rounded education for all girls through excellent staffing, an effective curriculum and excellent outcomes for students, which as a Catholic school is rooted in a strong mission statement and ethos.
- Engagement of the girls in their learning and their leadership development.
- A commitment to partnership with parents, the wider community and our feeder primary schools.

Loreto Grammar School is a National Teaching School and Support School. It has appointed a director of school to school support to further the aims of the teaching school. School Direct is an important factor in the teaching school programme and this has increased, with the inclusion of other establishments into our network and an increase in university partners.

Whole school objectives and plans for the 2017-18 year include:

- continuing to maintain excellence in standards;
- continue to prepare for new measures for assessment and levels; and
- continue to maintain the high percentage of pupils exceeding expected levels of progress in English and Maths.

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 Haines Watts has been appointed as the company's auditor. The audit report has therefore been issued by Haines Watts.

This trustees' report, incorporating a strategic report, was approved by order of the board of trustees, as the company directors, on 5.12.17 and signed on its behalf by:



.....
Mr James Lister
Chair of trustees

LORETO GRAMMAR SCHOOL

GOVERNANCE STATEMENT

FOR THE YEAR ENDED 31 AUGUST 2017

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 which is 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
Mr Martin Ashley	3	3
Mrs Jane Beever	3	3
Dr Stephanie Blower	3	3
Sr Bernadette Boland IBVM	2	3
Mr Martin Bourke	3	3
Mrs Patricia Brown	3	3
Dr Kathryn Grady	2	3
Sr Kathleen Hewitt IBVM	2	3
Mr James Lister	3	3
Mrs Kathryn Clare Marchmont	3	3
Dr Justin McCarthy	1	3
Sr Anne McEvoy IBVM	1	1
Mrs Catherine Rawlings	2	3
Mr Vincent Sweeney	3	3
Sr Bernadette Turtle IBVM (Cecilia Turtle)	3	3

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	4	6
Dr Stephanie Blower	6	6
Sr Bernadette Boland IBVM	4	6
Mrs Catherine Rawlings	5	6
Mr Vincent Sweeney	6	6

Review of value for money

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

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

LORETO GRAMMAR SCHOOL

GOVERNANCE STATEMENT (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2017

The accounting officer for the academy trust has ensured the delivery value for money during the year by:

- Close budgetary control
- Income generation and development opportunities through the Teaching Schools programme
- Successful application to the Condition Improvement Fund, demonstrating prudent administration of the trust's limited resources.

Budgetary control

Close budgetary control ensures the trust meets its outstanding educational outcomes with a cost effective use of resources.

The trust undertakes a detailed and rigorous process to compile a challenging but achievable budget. This budget equips the trust to deliver outstanding educational and wider societal outcomes. The detailed budget process starts 6 months before the start of the academic year when departments prepare their budget requests to equip them to deliver departmental objectives with the least possible input of resources. The budget requests are rigorously reviewed by the business manager and headteacher prior to review and challenge by the Finance Committee and full governing body to ensure that limited resources are directed where they will be most effective in meeting educational objectives and in line with the overall strategy. This has been especially important in 2016/17 where certain subjects have had significant curriculum changes and therefore required a large investment in new resources.

The risk and control framework ensures expenditure is closely managed with all orders appropriately authorised and checked against the budget and regular financial reports reviewed by budget holders and the Finance Committee. The overall financial position of the trust is continually monitored and updated to produce a detailed forecast position for the year and this ensures that early action is taken to mitigate unavoidable areas of overspend.

Unforeseen circumstances in 2016/17 meant that the control of the staffing budget was particularly challenging but the headteacher worked closely with the business manager and personnel officer to ensure that the staffing costs remained in line with the original budget and the academy achieved its outstanding educational outcomes.

Income generation and development opportunities through the Teaching Schools programme

The Teaching School status helps the trust to capitalise on its excellent reputation and draws in additional grants and income. The continuing expansion of the school led Initial Teacher Training, NQT programme, Continuing Professional Development and the provision of support to other schools enables the sharing of best practice and subsequent recruitment of NQT's.

Condition Improvement Fund

The trust successfully applied for a health and safety grant through the Condition Improvement Fund demonstrating prudent administration of the trust's limited resources. This enabled the trust to carry out necessary health and safety improvements without having to divert funds away from educational expenditure.

The purpose of the system of internal control

The system of internal control is designed to manage risk to a reasonable level rather than to eliminate all risk of failure to achieve policies, aims and objectives; it can therefore only provide reasonable and not absolute assurance of effectiveness. The system of internal control is based on an on-going process designed to identify and prioritise the risks to the achievement of academy'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 year ended 31 August 2017 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 year ended 31 August 2017 and up to the date of approval of the annual report and financial statements. This process is regularly reviewed by the board of trustees.

LORETO GRAMMAR SCHOOL

GOVERNANCE STATEMENT (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2017

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 monthly 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.

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, as responsible officer. The RO role includes giving advice on financial matters and performing a range of checks on the academy trust's financial systems. On a regular basis, the RO reports to the Chairs Committee on the operation of the systems of control and on the discharge of the board of trustees' financial responsibilities.

The responsible officer fed back on his most recent review of the payroll system in May 2017 and reported that there were no material control issues, the system operated in an effective and efficient manner and adhered to the School's Financial Procedures Manual.

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 has responsibility for the development and maintenance of the internal control framework;
- the work of the Chairs Committee who has the responsibility for audit issues;
- the work of the responsible officer; and
- the work of the external auditors.

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 5.12.17. and signed on its behalf by:


.....
Mr James Lister
Chair of trustees


.....
Mrs Jane Beever
Accounting officer

LORETO GRAMMAR SCHOOL

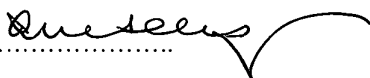
STATEMENT OF REGULARITY, PROPRIETY AND COMPLIANCE

FOR THE YEAR ENDED 31 AUGUST 2017

As accounting officer of Loreto Grammar School I have considered my responsibility to notify the academy trust board of trustees and the Education and Skills Funding Agency (ESFA) of material irregularity, impropriety and non-compliance with ESFA terms and conditions of funding, under the funding agreement in place between the academy trust and the Secretary of State for Education. As part of my consideration I have had due regard to the requirements of the Academies Financial Handbook 2016.

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 2016.

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



Mrs Jane Beever
Accounting officer

Dated: 5.12.17.

LORETO GRAMMAR SCHOOL

STATEMENT OF TRUSTEES' RESPONSIBILITIES

FOR THE YEAR ENDED 31 AUGUST 2017

The trustees (who also act as governors for Loreto Grammar School and are also the directors of Loreto Grammar School for the purposes of company law) are responsible for preparing the trustees' report and the accounts in accordance with the Annual Accounts Direction issued by the Education and Skills Funding Agency, United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice) and applicable law and regulations.

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

In preparing these accounts, the trustees are required to:


- select suitable accounting policies and then apply them consistently;
- observe the methods and principles in the Charities SORP 2015 and the Academies Accounts Direction 2016 to 2017;
- make judgements and accounting estimates that are reasonable and prudent;
- state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the accounts; and
- prepare the accounts on the going concern basis unless it is inappropriate to presume that the charitable company will continue in business.

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

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

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

Approved by order of the board of trustees on 5/12/17 and signed on its behalf by:



Mr James Lister
Chair of trustees

LORETO GRAMMAR SCHOOL

INDEPENDENT AUDITOR'S REPORT ON THE ACCOUNTS TO THE MEMBERS OF LORETO GRAMMAR SCHOOL

FOR THE YEAR ENDED 31 AUGUST 2017

Opinion

We have audited the accounts of Loreto Grammar School for the year ended 31 August 2017 which comprise the statement of financial activities, the balance sheet, the statement of cash flows and the notes to the accounts, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 102 The Financial Reporting Standard applicable in the UK and Republic of Ireland (United Kingdom Generally Accepted Accounting Practice), the Charities SORP 2015 and the Academies Accounts Direction 2016 to 2017 issued by the Education and Skills Funding Agency.

In our opinion the accounts:

- give a true and fair view of the state of the charitable company's affairs as at 31 August 2017 and of its incoming resources and application of resources, including its income and expenditure, for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice;
- have been prepared in accordance with the requirements of the Companies Act 2006; and
- have been prepared in accordance with the Charities SORP 2015 and the Academies Accounts Direction 2016 to 2017.

Basis for opinion

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

Conclusions relating to going concern

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

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

Other information

The other information comprises the information included in the annual report, other than the accounts and our auditor's report thereon. The trustees are responsible for the other information. Our opinion on the accounts does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon.

In connection with our audit of the accounts, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the accounts or our knowledge obtained in the audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether there is a material misstatement in the accounts or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

LORETO GRAMMAR SCHOOL

INDEPENDENT AUDITOR'S REPORT ON THE ACCOUNTS TO THE MEMBERS OF LORETO GRAMMAR SCHOOL (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2017

Opinions on other matters prescribed by the Companies Act 2006

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

- the information given in the trustees' report including the incorporated strategic report for the financial year for which the accounts are prepared is consistent with the accounts; and
- the trustees' report including the incorporated strategic report 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 academy trust and its environment obtained in the course of the audit, we have not identified material misstatements in the trustees' report, including the incorporated strategic report.

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

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

Responsibilities of trustees

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

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

Auditor's responsibilities for the audit of the financial statements

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

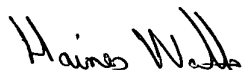
A further description of our responsibilities for the audit of the accounts is located on the Financial Reporting Council's website at: <http://www.frc.org.uk/auditorsresponsibilities>. This description forms part of our auditor's report.

LORETO GRAMMAR SCHOOL

INDEPENDENT AUDITOR'S REPORT ON THE ACCOUNTS TO THE MEMBERS OF LORETO GRAMMAR SCHOOL (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2017

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



John Whittick BSc FCA (Senior Statutory Auditor)

for and on behalf of Haines Watts

Chartered Accountants

Statutory Auditor

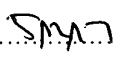
Bridge House

Ashley Road

Hale

Altrincham

WA14 2UT

Dated 

LORETO GRAMMAR SCHOOL

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

FOR THE YEAR ENDED 31 AUGUST 2017

In accordance with the terms of our engagement letter dated 7 August 2014 and further to the requirements of the Education and Skills Funding Agency (ESFA) as included in the Academies Accounts Direction 2016 to 2017, we have carried out an engagement to obtain limited assurance about whether the expenditure disbursed and income received by Loreto Grammar School during the period 1 September 2016 to 31 August 2017 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 and ESFA in accordance with the terms of our engagement letter. Our work has been undertaken so that we might state to the Loreto Grammar School and ESFA those matters we are required to state in a report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than Loreto Grammar School and ESFA, for our work, for this report, or for the conclusion we have formed.

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

The accounting officer is responsible, under the requirements of Loreto Grammar School's funding agreement with the Secretary of State for Education dated 20 February 2012 and the Academies Financial Handbook, extant from 1 September 2016, 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 2016 to 2017. We report to you whether anything has come to our attention in carrying out our work which suggests that in all material respects, expenditure disbursed and income received during the period 1 September 2016 to 31 August 2017 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 2016 to 2017 issued by ESFA. We performed a limited assurance engagement as defined in our engagement letter.

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

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

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

LORETO GRAMMAR SCHOOL

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

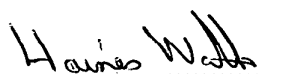
FOR THE YEAR ENDED 31 AUGUST 2017

The work undertaken to draw to our conclusion includes:

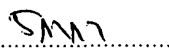
- We have confirmed that the activities conform to the academy trust's framework of authorities. As identified by review of minutes, management accounts, discussion with the accounting officer and other key management personnel.
- We have carried out an analytical review as part of the consideration 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.

Conclusion

In the course of our work nothing has come to our attention which suggests that in all material respects the expenditure disbursed and income received during the period 1 September 2016 to 31 August 2017 has not been applied to purposes intended by Parliament and the financial transactions do not conform to the authorities which govern them.



Haines Watts
Reporting Accountant

Dated: 

LORETO GRAMMAR SCHOOL

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

FOR THE YEAR ENDED 31 AUGUST 2017

	Notes	Unrestricted Funds £000	Restricted funds: General £000	Fixed asset £000	Total 2017 £000	Total 2016 £000
Income and endowments from:						
Donations and capital grants	2	-	-	127	127	75
Charitable activities:						
- Funding for educational operations	3	-	4,622	-	4,622	4,643
Other trading activities	4	489	-	-	489	557
Investments	5	7	-	-	7	2
Total income and endowments		<u>496</u>	<u>4,622</u>	<u>127</u>	<u>5,245</u>	<u>5,277</u>
Expenditure on:						
Charitable activities:						
- Educational operations	7	<u>458</u>	<u>4,983</u>	<u>108</u>	<u>5,549</u>	<u>5,429</u>
Total expenditure	6	<u>458</u>	<u>4,983</u>	<u>108</u>	<u>5,549</u>	<u>5,429</u>
Net income/(expenditure)		38	(361)	19	(304)	(152)
Transfers between funds		-	83	(83)	-	-
Other recognised gains and losses						
Actuarial gains/(losses) on defined benefit pension schemes	17	<u>-</u>	<u>376</u>	<u>-</u>	<u>376</u>	<u>(471)</u>
Net movement in funds		38	98	(64)	72	(623)
Reconciliation of funds						
Total funds brought forward		<u>418</u>	<u>(536)</u>	<u>1,851</u>	<u>1,733</u>	<u>2,356</u>
Total funds carried forward		<u>456</u>	<u>(438)</u>	<u>1,787</u>	<u>1,805</u>	<u>1,733</u>

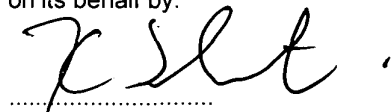
LORETO GRAMMAR SCHOOL

BALANCE SHEET

AS AT 31 AUGUST 2017

		2017		2016	
	Notes	£000	£000	£000	£000
Fixed assets					
Tangible assets	11		1,787		1,851
Current assets					
Debtors	12	210		109	
Cash at bank and in hand		845		1,035	
		1,055		1,144	
Current liabilities					
Creditors: amounts falling due within one year	13	(392)		(366)	
Net current assets			663		778
Net assets excluding pension liability			2,450		2,629
Defined benefit pension liability	17		(645)		(896)
Net assets			1,805		1,733
Funds of the academy trust:					
Restricted funds	15				
- Fixed asset funds			1,787		1,851
- Restricted income funds			207		360
- Pension reserve			(645)		(896)
Total restricted funds			1,349		1,315
Unrestricted income funds	15		456		418
Total funds			1,805		1,733

The accounts were approved by the board of trustees and authorised for issue on 5.12.17 and are signed on its behalf by:



Mr James Lister
Chair of trustees

Company Number 08125396

LORETO GRAMMAR SCHOOL

STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED 31 AUGUST 2017

	Notes	2017 £000	2016 £000
Cash flows from operating activities			
Net cash used in operating activities	18	(280)	(76)
Cash flows from investing activities			
Dividends, interest and rents from investments		7	2
Capital grants from DfE and ESFA		97	59
Capital funding from sponsors and others		30	16
Payments to acquire tangible fixed assets		(44)	(75)
		90	2
Change in cash and cash equivalents in the reporting period		(190)	(74)
Cash and cash equivalents at 1 September 2016		1,035	1,109
Cash and cash equivalents at 31 August 2017		845	1,035

LORETO GRAMMAR SCHOOL

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 AUGUST 2017

1 Accounting policies

A summary of the principal accounting policies adopted (which have been applied consistently, except where noted), judgements and key sources of estimation uncertainty, is set out below.

1.1 Basis of preparation

The accounts of the academy trust, which is a public benefit entity under FRS 102, have been prepared under the historical cost convention in accordance with the Financial Reporting Standard Applicable in the UK and Republic of Ireland (FRS 102), the Accounting and Reporting by Charities: Statement of Recommended Practice applicable to charities preparing their accounts in accordance with the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS 102) (Charities SORP (FRS 102)), the Academies Accounts Direction 2016 to 2017 issued by ESFA, the Charities Act 2011 and the Companies Act 2006.

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

1.2 Going concern

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

1.3 Income

All incoming resources are recognised when the academy trust has entitlement to the funds, the receipt is probable and the amount can be measured reliably.

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

General Annual Grant is recognised in full in the statement of financial activities in the period for which it is receivable, and any abatement in respect of the period is deducted from income and recognised as a liability.

Sponsorship income

Sponsorship income provided to the academy trust which amounts to a donation is recognised in the statement of financial activities in the period in which it is receivable (where there are no performance-related conditions), where the receipt is probable and it can be measured reliably.

Donations

Donations are recognised on a receivable basis (where there are no performance-related conditions) where the receipt is probable and the amount can be reliably measured.

Other income

Other income, including the hire of facilities, is recognised in the period it is receivable and to the extent the academy trust has provided the goods or services.

LORETO GRAMMAR SCHOOL

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2017

1 Accounting policies

Donated goods, facilities and services

Goods donated for resale are included at fair value, being the expected proceeds from sale less the expected costs of sale. If it is practical to assess the fair value at receipt, it is recognised in stock and 'Income from other trading activities'. Upon sale, the value of the stock is charged against 'Income from other trading activities' and the proceeds are recognised as 'Income from other trading activities'. Where it is impractical to fair value the items due to the volume of low value items they are not recognised in the financial statements until they are sold. This income is recognised within 'Income from other trading activities'.

Donated fixed assets are measured at fair value unless it is impractical to measure this reliably, in which case the cost of the item to the donor is used. The gain is recognised as income from donations and a corresponding amount is included in the appropriate fixed asset category and depreciated over the useful economic life in accordance with the academy trust's accounting policies.

1.4 Expenditure

Expenditure is recognised once there is a legal or constructive obligation to transfer economic benefit to a third party, it is probable that a transfer of economic benefits will be required in settlement, and the amount of the obligation can be measured reliably.

Expenditure is classified by activity. The costs of each activity are made up of the total of direct costs and shared costs, including support costs involved in undertaking each activity. Direct costs attributable to a single activity are allocated directly to that activity. Shared costs which contribute to more than one activity and support costs which are not attributable to a single activity are apportioned between those activities on a basis consistent with the use of resources. Central staff costs are allocated on the basis of time spent, and depreciation charges are allocated on the portion of the asset's use.

All resources expended are inclusive of irrecoverable VAT.

Expenditure on raising funds

This includes all expenditure incurred by the academy trust to raise funds for its charitable purposes and includes costs of all fundraising activities events and non-charitable trading.

Charitable activities

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

1.5 Tangible fixed assets and depreciation

Assets costing £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 life. Where there are specific conditions attached to the funding requiring the continued use of the asset, the related grants are credited to a restricted fixed asset fund in the statement of financial activities and carried forward in the balance sheet. Depreciation on the relevant assets is charged directly to the restricted fixed asset fund in the statement of financial activities so as to reduce the fund over the useful economic life of the related asset on a basis consistent with the academy trust's depreciation policy. Where tangible fixed assets have been acquired with unrestricted funds, depreciation on such assets is charged to the unrestricted fund.

LORETO GRAMMAR SCHOOL

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2017

1 Accounting policies

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

Land and buildings	Buildings - 50 years straight line, Land - nil
Plant and machinery	3 - 7 years straight line
Computer equipment	3 years straight line
Fixtures, fittings & equipment	3 years straight line
Motor Vehicles	5 years straight line

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

1.6 Liabilities

Liabilities are recognised when there is an obligation at the balance sheet date as a result of a past event, it is probable that a transfer of economic benefit will be required in settlement, and the amount of the settlement can be estimated reliably. Liabilities are recognised at the amount that the academy trust anticipates it will pay to settle the debt or the amount it has received as advanced payments for the goods or services it must provide.

1.7 Leasing and hire purchase commitments

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

1.8 Taxation

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

1.9 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 trust in such a way that the pension cost is a substantially level percentage of current and future pensionable payroll. The contributions are determined by the Government Actuary on the basis of quadrennial valuations using a prospective unit credit method. As stated in note 17, the TPS is a multi-employer scheme and there is insufficient information available to use defined benefit accounting. The TPS is therefore treated as a defined contribution scheme for accounting purposes and the contributions are recognised in the period to which they relate.

LORETO GRAMMAR SCHOOL

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2017

1 Accounting policies

The LGPS is a funded scheme and the assets are held separately from those of the academy trust in separate trustee administered funds. Pension scheme assets are measured at fair value and liabilities are measured on an actuarial basis using the projected unit credit method and discounted at a rate equivalent to the current rate of return on a high quality corporate bond of equivalent term and currency to the liabilities. The actuarial valuations are obtained at least triennially and are updated at each balance sheet date. The amounts charged to operating surplus are the current service costs and the costs of scheme introductions, benefit changes, settlements and curtailments. They are included as part of staff costs as incurred. Net interest on the net defined benefit liability/asset is also recognised in the statement of financial activities and comprises the interest cost on the defined benefit obligation and interest income on the scheme assets, calculated by multiplying the fair value of the scheme assets at the beginning of the period by the rate used to discount the benefit obligations. The difference between the interest income on the scheme assets and the actual return on the scheme assets is recognised in other recognised gains and losses. Actuarial gains and losses are recognised immediately in other recognised gains and losses.

1.10 Fund accounting

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

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

1.11 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 2017.

1.12 Agency arrangements

The academy trust acts as an agent in distributing 16-19 bursary funds from the ESFA. Payments received from the ESFA and subsequent disbursements to students are excluded from the statement of financial activities as the trust does not have control over the charitable application of the funds. The funds received and paid and any balances held are disclosed in note 23.

1.13 Critical accounting estimates and areas of judgement

Accounting estimates and judgements are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

Critical accounting estimates and assumptions

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

LORETO GRAMMAR SCHOOL

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2017

1 Accounting policies

The present value of the Local Government Pension Scheme defined benefit liability depends on a number of factors that are determined on an actuarial basis using a variety of assumptions. The assumptions used in determining the net cost or income for pensions include the discount rate. Any changes in these assumptions, which are disclosed in note 17, will impact the carrying amount of the pension liability. Furthermore a roll forward approach which projects results from the latest full actuarial valuation performed at 31 March 2013 has been used by the actuary in valuing the pensions liability at 31 August 2017. Any differences between the figures derived from the roll forward approach and a full actuarial valuation would impact on the carrying amount of the pension liability.

2 Donations and capital grants

	Unrestricted funds £000	Restricted funds £000	Total 2017 £000	Total 2016 £000
Capital grants	-	97	97	59
Other donations	-	30	30	16
	-	127	127	75

The income from donation and capital grants was £127,000 (2016: £75,000) of which £127,000 was restricted fixed assets (2016: £75,000).

3 Funding for the academy trust's educational operations

	Unrestricted funds £000	Restricted funds £000	Total 2017 £000	Total 2016 £000
DfE / ESFA grants				
General annual grant (GAG)	-	4,537	4,537	4,549
Other DfE / ESFA grants	-	82	82	87
	-	4,619	4,619	4,636
Other government grants				
Local authority grants	-	3	3	7
Total funding	-	4,622	4,622	4,643

The income from funding for educational operations was £4,622,000 (2016: £4,643,000) of which £4,622,000 was restricted (2016: £4,643,000).

The academy received £3,000 from the local authority in the year in respect of high needs funding.

There were no unfulfilled conditions or other contingencies in respect of government grant funding.

LORETO GRAMMAR SCHOOL

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2017

4 Other trading activities

	Unrestricted funds £000	Restricted funds £000	Total 2017 £000	Total 2016 £000
Parental contributions	148	-	148	252
Other income	341	-	341	305
	<u>489</u>	<u>-</u>	<u>489</u>	<u>557</u>

The income from other trading activities was £489,000 (2016: £557,000) of which £489,000 was unrestricted (2016: £557,000).

5 Investment income

	Unrestricted funds £000	Restricted funds £000	Total 2017 £000	Total 2016 £000
Short term deposits	<u>7</u>	<u>-</u>	<u>7</u>	<u>2</u>

The income from funding for investment income was £7,000 (2016: £2,000) of which £7,000 was unrestricted (£2,000).

6 Expenditure

	Staff costs £000	Premises & equipment £000	Other costs £000	Total 2017 £000	Total 2016 £000
Academy's educational operations					
- Direct costs	3,841	98	517	4,456	4,443
- Allocated support costs	<u>505</u>	<u>170</u>	<u>418</u>	<u>1,093</u>	<u>986</u>
	<u>4,346</u>	<u>268</u>	<u>935</u>	<u>5,549</u>	<u>5,429</u>
Total expenditure	<u>4,346</u>	<u>268</u>	<u>935</u>	<u>5,549</u>	<u>5,429</u>

Net income/(expenditure) for the year includes:

	2017 £(000)	2016 £(000)
Fees payable to auditor for:		
- Audit	7	6
- Other services	1	2
Operating lease rentals	9	14
Depreciation of tangible fixed assets	<u>108</u>	<u>131</u>

LORETO GRAMMAR SCHOOL

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2017

7 Charitable activities

	Unrestricted funds £000	Restricted funds £000	Total 2017 £000	Total 2016 £000
Direct costs - educational operations	458	3,998	4,456	4,443
Support costs - educational operations	-	1,093	1,093	986
	<u>458</u>	<u>5,091</u>	<u>5,549</u>	<u>5,429</u>

The expenditure on educational operations was £5,549,000 (2016: £5,429,000) of which £458,000 was unrestricted (2016: £567,000), £4,983,000 was restricted (2016: £4,731,000) and £108,000 was restricted fixed assets (2016: £131,000).

Analysis of costs

	2017 £(000)	2016 £(000)
Direct costs		
Teaching and educational support staff costs	3,828	3,707
Staff development	13	12
Depreciation and amortisation	98	118
Technology costs	78	85
Educational supplies and services	162	145
Examination fees	115	109
Educational consultancy	14	14
Other direct costs	148	253
	<u>4,456</u>	<u>4,443</u>
Support costs		
Support staff costs	505	458
Depreciation and amortisation	10	13
Maintenance of premises and equipment	160	96
Cleaning	120	122
Energy costs	52	58
Rent and rates	59	60
Insurance	35	38
Security and transport	16	14
Catering	16	14
Interest on pension deficit	19	15
Other support costs	93	90
Governance costs	8	8
	<u>1,094</u>	<u>986</u>

LORETO GRAMMAR SCHOOL

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2017

8 Staff costs

	2017 £000	2016 £000
Wages and salaries	3,310	3,300
Social security costs	275	250
Operating costs of defined benefit pension schemes	642	574
Staff costs	4,227	4,124
Supply staff costs	100	33
Staff restructuring costs	6	8
Staff development and other staff costs	13	12
Total staff expenditure	4,346	4,177

Staff numbers

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

	2017 Number	2016 Number
Teachers	72	68
Administration and support	30	31
Management	7	7
	109	106

Higher paid staff

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

	2017 Number	2016 Number
£70,001 - £80,000	1	1
£90,001 - £100,000	1	1

Non statutory/non-contractual staff severance payments

Included in staff restructuring costs is a compensation payment totalling £5,738 (2016: £7,860). Individually, the payment was for £5,738.

Key management personnel

The key management personnel of the academy trust comprise the trustees and the senior management team as listed on page 1. The total amount of employee benefits (including employer pension contributions) received by key management personnel for their services to the academy trust was £494,000 (2016: £483,000).

LORETO GRAMMAR SCHOOL

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2017

9 Trustees' remuneration and expenses

The headteacher and other staff trustees only receive remuneration in respect of services they provide undertaking the roles of headteacher 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. During the year, travel and subsistence payments totalling £432 (2016: £1,437) were reimbursed to 2 trustees (2016: 2 trustees).

The value of trustees' remuneration was as follows:

Mrs J Beever (headteacher and trustee)

Remuneration: £95,001 - £100,000 (2016: £95,001 - £100,000)

Employer's pension contributions: £15,001 - £20,000 (2016: £15,001 - £12,000)

Mr M Dunn (staff trustee - resigned 23 November 2015)

Remuneration: £nil (2016: £30,001 - £45,000)

Employer's pension contributions: £nil (2016: £5,001 - £10,000)

Mrs K Marchmont (staff trustee)

Remuneration: £35,001 - £40,000 (2016: £40,001 - £45,000)

Employer's pension contributions: £5,001 - £10,000 (2016: £5,001 - £10,000)

Other related party transactions involving the trustees are set out within the related parties note.

10 Trustees and officers insurance

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

11 Tangible fixed assets

	Land and buildings	Plant and machinery	Computer equipment	Fixtures, fittings & equipment	Motor Vehicles	Total
	£000	£000	£000	£000	£000	£000
Cost						
At 1 September 2016	1,819	80	385	37	-	2,321
Additions	-	-	16	-	28	44
At 31 August 2017	1,819	80	401	37	28	2,365
Depreciation						
At 1 September 2016	139	21	300	10	-	470
Charge for the year	46	12	44	4	2	108
At 31 August 2017	185	33	344	14	2	579
Net book value						
At 31 August 2017	1,634	47	57	23	26	1,787
At 31 August 2016	1,680	59	85	27	-	1,851

LORETO GRAMMAR SCHOOL

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2017

11 Tangible fixed assets

Buildings to the value of £582,000 (included in fixed asset cost at depreciated replacement cost estimated by the trustees as at 2 July 2012) and land value in fixed asset cost at £340,000 relate to the school. Land and buildings legally owned by the Institute of the Blessed Virgin Mary (Loreto Sisters) Registered Charity No 250607. These are included under FRS 102 as the academy has taken on the risks and rewards of these assets but legal ownership has not been transferred.

The net book value of freehold land and buildings consists of £1,294,000 (2016: £1,340,000) in respect of buildings and £340,000 (2016: £340,000) in respect on land.

12 Debtors	2017 £000	2016 £000
Trade debtors	58	3
VAT recoverable	24	20
Prepayments and accrued income	128	86
	<u>210</u>	<u>109</u>
 13 Creditors: amounts falling due within one year	 2017 £000	 2016 £000
Trade creditors	164	116
Other creditors	86	79
Accruals and deferred income	142	171
	<u>392</u>	<u>366</u>
 14 Deferred income	 2017 £000	 2016 £000
Deferred income is included within:		
Creditors due within one year	<u>52</u>	<u>39</u>
 Deferred income at 1 September 2016	39	86
Released from previous years	(39)	(86)
Amounts deferred in the year	<u>52</u>	<u>39</u>
 Deferred income at 31 August 2017	<u>52</u>	<u>39</u>

At the balance sheet date the academy trust was holding funds received in advance for school trips, school to school support and NCTL grants.

LORETO GRAMMAR SCHOOL

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2017

15 Funds

	Balance at 1 September 2016 £000	Incoming resources £000	Resources expended £000	Gains, losses & transfers £000	Balance at 31 August 2017 £(000)
Restricted general funds					
General Annual Grant	330	4,537	(4,773)	78	172
Other DfE / ESFA grants	30	82	(82)	5	35
Other government grants	-	3	(3)	-	-
	<u>360</u>	<u>4,622</u>	<u>(4,858)</u>	<u>83</u>	<u>207</u>
Funds excluding pensions	360	4,622	(4,858)	83	207
Pension reserve	(896)	-	(125)	376	(645)
	<u>(536)</u>	<u>4,622</u>	<u>(4,983)</u>	<u>459</u>	<u>(438)</u>
Restricted fixed asset funds					
DfE / ESFA capital grants	1,000	97	(58)	(83)	956
Inherited funds	807	-	(45)	-	762
Private sector capital sponsorship	44	30	(5)	-	69
	<u>1,851</u>	<u>127</u>	<u>(108)</u>	<u>(83)</u>	<u>1,787</u>
Total restricted funds	<u>1,315</u>	<u>4,749</u>	<u>(5,092)</u>	<u>376</u>	<u>1,348</u>
Unrestricted funds					
General funds	418	496	(458)	-	456
Total funds	<u>1,733</u>	<u>5,245</u>	<u>(5,549)</u>	<u>376</u>	<u>1,805</u>

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 2017.

LORETO GRAMMAR SCHOOL

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2017

16 Analysis of net assets between funds

	Unrestricted Funds £000	Restricted funds: General £000	Fixed asset £000	Total 2017 £000
Fund balances at 31 August 2017 are represented by:				
Tangible fixed assets	-	-	1,787	1,787
Current assets	456	599	-	1,055
Creditors falling due within one year	-	(392)	-	(392)
Defined benefit pension liability	-	(645)	-	(645)
	<u>456</u>	<u>(438)</u>	<u>1,787</u>	<u>1,805</u>

17 Pensions and similar obligations

The academy trust's employees belong to two principal pension schemes: the Teachers' Pension Scheme England and Wales (TPS) for academic and related staff; and the Local Government Pension Scheme (LGPS) for non-teaching staff, which is managed by 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 related to the period ended 31 March 2012 and of the LGPS 31 March 2016.

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

Teachers' Pension Scheme

Introduction

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

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

Valuation of the Teachers' Pension Scheme

The Government Actuary, using normal actuarial principles, conducts a formal actuarial review of the TPS in accordance with the Public Service Pensions (Valuations and Employer Cost Cap) Directions 2014 published by HM Treasury. The aim of the review is to specify the level of future contributions. Actuarial scheme valuations are dependent on assumptions about the value of future costs, design of benefits and many other factors. The latest actuarial valuation of the TPS was carried out as at 31 March 2012 and in accordance with the Public Service Pensions (Valuations and Employer Cost Cap) Directions 2014. The valuation report was published by the Department for Education on 9 June 2014.

LORETO GRAMMAR SCHOOL

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2017

17 Pensions and similar obligations

The key elements of the valuation and subsequent consultation are:

- employer contribution rates set at 16.48% of pensionable pay (including a 0.08% employer administration charge (currently 16.48%))
- total scheme liabilities (pensions currently in payment and the estimated cost of future benefits) for service to the effective date of £191,500 million, and notional assets (estimated future contributions together with the notional investments held at the valuation date) of £176,600 million giving a notional past service deficit of £14,900 million
- an employer cost cap of 10.9% of pensionable pay will be applied to future valuations
- the assumed real rate of return is 3.0% in excess of prices and 2% in excess of earnings. The rate of real earnings growth is assumed to be 2.75%. The assumed nominal rate of return is 5.06%

During the previous year the employer contribution rate was 14.1%. The TPS valuation for 2012 determined an employer rate of 16.4%, which was payable from September 2015. The next valuation of the TPS is currently underway based on April 2016 data, whereupon the employer contribution rate is expected to be reassessed and will be payable from 1 April 2019.

The pension costs paid to the TPS in the period amounted to £446,000 (2016: £443,000).

A copy of the valuation report and supporting documentation is on the Teachers' Pensions website.

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

Local Government Pension Scheme

The LGPS is a funded defined-benefit scheme, with the assets held in separate trustee-administered funds. The total contributions are as noted below. The future contribution rates are unconfirmed. The estimated value of employer contributions for the forthcoming year is £97,000.

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

Total contributions made	2017 £000	2016 £000
Employer's contributions	101	100
Employees' contributions	37	36
Total contributions	138	136

Principal actuarial assumptions	2017 %	2016 %
Rate of increases in salaries	3.2	3.4
Rate of increase for pensions in payment	2.4	2.1
Discount rate	2.5	2.0
Expected return on assets	2.5	2.0

LORETO GRAMMAR SCHOOL

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2017

17 Pensions and similar obligations

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

Sensitivity analysis

Changes in assumptions at 31 August 2017	Approximate % increase to employer liability	Approximate monetary amount (£000)
0.5% decrease in Real Discount Rate	11%	393
0.5% increase in the Salary Increase Rate	2%	81
0.5% increase in the Pension Increase Rate	9%	305

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

	2017 Years	2016 Years
Retiring today		
- Males	21.5	21.4
- Females	24.1	24.0
Retiring in 20 years		
- Males	23.7	24.0
- Females	26.2	26.6

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

	2017 Fair value £000	2016 Fair value £000
Equities	2,032	1,784
Bonds	445	421
Property	167	149
Other assets	140	124
Total market value of assets	2,784	2,478
Actual return on scheme assets - gain/(loss)	213	(404)

Amounts recognised in the statement of financial activities

	2017 £000	2016 £000
Current service cost (net of employee contributions)	207	143
Net interest cost	19	15

LORETO GRAMMAR SCHOOL

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2017

17 Pensions and similar obligations

Changes in the present value of defined benefit obligations	2017 £000	2016 £000
Obligations at 1 September 2016	3,374	2,315
Current service cost	207	143
Interest cost	69	89
Employee contributions	37	36
Actuarial loss	(213)	801
Benefits paid	(45)	(10)
At 31 August 2017	3,429	3,374
Changes in the fair value of the academy trust's share of scheme assets		
	2017 £000	2016 £000
Assets at 1 September 2016	2,478	1,948
Interest income	50	74
Return on plan assets (excluding amounts included in net interest): Actuarial gain	163	330
Employer contributions	101	100
Employee contributions	37	36
Benefits paid	(45)	(10)
At 31 August 2017	2,784	2,478

18 Reconciliation of net expenditure to net cash flows from operating activities

	2017 £000	2016 £000
Net expenditure for the reporting period	(304)	(152)
Adjusted for:		
Capital grants from DfE/ESFA and other capital income	(127)	(75)
Investment income	(7)	(2)
Defined benefit pension costs less contributions payable	106	43
Defined benefit pension net finance cost/(income)	19	15
Depreciation of tangible fixed assets	108	131
(Increase)/decrease in debtors	(101)	51
Increase/(decrease) in creditors	26	(87)
Net cash used in operating activities	(280)	(76)

LORETO GRAMMAR SCHOOL

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2017

19 Commitments under operating leases

At 31 August 2017 the total future minimum lease payments under non-cancellable operating leases were as follows:

	2017 £000	2016 £000
Amounts due within one year	11	9
Amounts due in two and five years	24	16
Amounts due after five years	41	44
	<u>76</u>	<u>69</u>

20 Capital commitments

	2017 £000	2016 £000
Expenditure contracted for but not provided in the accounts	-	13

Capital commitments at 31 August 2016 relate to committed expenditure in respect of new computer equipment.

21 Related party transactions

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.

Loreto Educational Trust is a member of Loreto Grammar School. During the year £2,000 (2016: £2,000) was paid to Loreto Educational Trust by the academy for fees relating to the 2016 academic years.

At the end of the year, £2,000 (2016: £2,000) was due from the academy to Loreto Educational Trust.

22 Members' liability

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

23 Agency arrangements

The academy trust distributes 16-19 bursary funds to students as an agent for the ESFA. In the accounting period ending 31 August 2017 the trust received £10,441 (2016: £9,672) and disbursed £13,495 (2016: £7,242) from the fund. An amount of £3,943 (2016: £6,997) is included in creditors relating to undistributed funds that are repayable to the ESFA. The academy intends to fully distribute this amount in 2017/18 through back claims owing.