

Registered number 08137421

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**ST FRANCIS XAVIER'S COLLEGE**  
(A company limited by guarantee)

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**ANNUAL REPORT AND FINANCIAL STATEMENTS**  
**FOR THE PERIOD ENDED 31 AUGUST 2013**

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**ST FRANCIS XAVIER'S COLLEGE**  
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**REFERENCE AND ADMINISTRATIVE DETAILS OF THE ACADEMY, ITS GOVERNORS AND ADVISERS  
FOR THE PERIOD ENDED 31 AUGUST 2013**

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<b>Governors</b>	Mrs F Brown, Appointed by members (resigned 30 June 2013) Mr D Delaney, Appointed by members (appointed 1 September 2013) Mrs M Fullan, Parent governor (appointed 1 August 2012) Mr K Glover, Teaching staff governor (appointed 1 August 2012) Miss P Goodall, Support staff governor (appointed 1 August 2012) Mrs M Gormely, Appointed by members (appointed 1 August 2012) Bro J Hayes, Appointed by members (resigned 30 June 2013) Mrs J Holmes, Teaching staff governor (resigned 30 June 2013) Mr M Helme, Parent governor (appointed 1 August 2012) Dr A Keeley, Chairman, appointed by the members (appointed 1 August 2012) Mr H N King, Appointed by the members (appointed 10 July 2012) Mr J Lloyd, Teaching staff (appointed 1 June 2013) Mr S McNally, Parent governor (appointed 1 August 2012) Mrs J Merrie, Parent governor (appointed 1 August 2012) Mrs S O'Driscoll, Appointed by members (appointed 1 September 2013) Mr N O'Hare, Parent governor (appointed 1 August 2012) Mrs Y A O'Hare, Appointed by members (appointed 1 August 2012) Mr T O'Keefe, Parent Governor (appointed 1 August 2012) Mrs A Oliver, Parent governor (appointed 1 December 2012) Mr M W Ord, Appointed by members (appointed 1 August 2012) Bro F Patterson, Appointed by members (appointed 1 August 2012) Mr M Power, Appointed by members (appointed 1 August 2012) Mr D Reynolds, Co-opted by board (appointed 1 August 2012) Mr L D Rippon, Head Teacher (appointed 10 July 2012) Mrs E M Tedford, Vice Chair, appointed by members (appointed 10 July 2012)
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<b>Company registered number</b>	08137421
<b>Principal and registered office</b>	Beaconsfield Road Woolton Liverpool L25 6EG
<b>Company secretary</b>	Mrs D Banks
<b>Senior management team</b>	Mrs K Fay, Deputy Head teacher KS3 Bro P Tracey, Deputy Head teacher KS4 Mr G Flowers, Deputy Head teacher KS5 Mrs M Black, Business Manager Mr L D Rippon, Head Teacher
<b>Independent auditors</b>	UHY Hacker Young Manchester LLP Chartered Accountants St James Building 79 Oxford Street Manchester M1 6HT

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**REFERENCE AND ADMINISTRATIVE DETAILS OF THE ACADEMY, ITS GOVERNORS AND ADVISERS  
FOR THE PERIOD ENDED 31 AUGUST 2013**

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**Advisers (continued)**

<b>Bankers</b>	Lloyds TSB 2-12 Lord Street Liverpool L2 1TS
<b>Solicitors</b>	Stone King Solicitors 13 Queen Square Bath BA1 2HJ

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**ST FRANCIS XAVIER'S COLLEGE**  
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**GOVERNORS' REPORT**  
**FOR THE PERIOD ENDED 31 AUGUST 2013**

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The governors present their annual report together with the financial statements and auditor's report of the charitable company for the period 10 July 2012 to 31 August 2013 (13 Months)

**Structure, governance and management**

**Constitution**

The academy trust is a company limited by guarantee and an exempt charity. The charitable company's memorandum and articles of association are the primary governing documents of the academy trust. The trustees of St Francis Xavier's College Ltd are also the directors of the charitable company for the purposes of company law. Three governors act as the trustees for the charitable activities.

The charitable company is known as St Francis Xavier's College. The company has not been known by any other name.

Details of the Trustees and Governors who served during the year are included in the Reference and Administration Details on Page 1.

**Members Liability**

Each member of the charitable company undertakes to contribute to the assets of the charitable company in the event of it being wound up while they are a member, or within one year after they cease to be a member, such amount as may be required not exceeding £10 as required in the academy trust's funding agreement/memorandum and articles of association, for debts and liabilities contracted before they ceased to be a member.

**Governors' Indemnities**

In accordance with normal commercial practice, the school has purchased insurance to protect trustees, governors and officers from claims arising from negligent acts, errors or omissions occurring whilst on Academy business. The limit of the indemnity is £2,000,000.

**Principal Activities**

The principal activity is the advance of education for the public benefit by establishing, maintaining, carrying on, managing and developing a secondary school offering a broad and balanced curriculum for students of different abilities between the ages of 11 – 18.

**Method of Recruitment and Appointment or Election of Governors**

On the 1st August 2012 the Trustees appointed all those Governors that served the predecessor school to be Governors of the newly formed Academy. These Governors were appointed on a term of office that would end when their original term at the predecessor school would have ended, thus ensuring a staggered re-election or replacement process.

The Academy shall have the following Governors as set out in its Articles of Association and funding agreement:

- 10 Governors who are appointed by the Members
- 7 Parent Governors who are elected by Parents of registered students at the college
- 2 Teaching Staff Governors appointed by peer election
- 1 Support Staff Governor appointed by peer election
- 1 Co-opted Governor
- The Headteacher who is treated for all purposes as being an ex officio Governor

Governors are appointed for a four year period, except that this time limit does not apply to the Headteacher.

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**ST FRANCIS XAVIER'S COLLEGE**  
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**GOVERNORS' REPORT (continued)**  
**FOR THE PERIOD ENDED 31 AUGUST 2013**

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Subject to remaining eligible to be a particular type of Governor, any governor can be re-appointed or re-elected

**Policies and Procedures adopted for the Induction and Training of Trustees**

When appointing new governors, the Members will give consideration to the skills and experience mix of existing Governors in order to ensure that the Board has the necessary skills to contribute fully to the school's development

There is a comprehensive Governor Induction Programme managed by the Company Secretary, tailored to the individual and includes briefings by senior staff, tour of the school to meet staff and students and papers necessary to the fulfilment of the role

**Organisational Structure**

The Full Governing Body and the individual committees meet three times per year. They establish an overall framework for the governance of the school and determine membership, terms of reference and procedures of committees and other groups. They receive reports including policies from its committees for ratification and monitor the activities of the committees through the minutes of their meetings. The Governing Body may from time to time establish working groups to perform specific tasks over a limited timescale.

There are 4 committees, meeting termly, all of whom are responsible for school policy, practice and performance and monitor aspects of their work by discussion/review/challenge

- Finance Committee – financial management, compliance with reporting and regulatory requirements and reporting, receiving reports from the Responsible Officer and drafting the annual budget
- Education Committee – curriculum planning, target setting, assessment and examinations
- Buildings Committee – management of land, environment and school buildings
- Staffing Committee – performance management, staffing levels, appointments, salaries, CPD, work-life balance and personnel policies

The following decisions are reserved for the Governors

- To consider any proposals for changes to the status or constitution of the school and its committee structure
- To appoint or remove the Chairman and/or Vice Chairman
- To appoint the Headteacher and Company Secretary
- To approve the Development Plan and budget

The Governors are responsible for setting general policy, adopting a development plan and budget, approving the statutory accounts, monitoring the school by the use of budgets and other data and making major decisions about the direction of the school, capital expenditure and staff appointments

The Trustees and Governors have devolved responsibility for day to day management of the Academy to the Headteacher, Deputy Headteachers and the Business Manager

The school has a leadership structure which consists of the Governors, Senior Leadership Group and Leadership Group. The aim of the leadership structure is to encourage responsibility and encourage involvement in decision making at appropriate levels

The Senior Leadership Group (SLG) consists of the Headteacher, three Deputy Headteachers and the Business Manager. The Leadership Group (LG) consists of the SLG and three Assistant Headteachers. The SLG and LG control the school at an executive level, implementing the policies laid down by the Governors and reporting back to them. The Headteacher, Business Manager and Finance Committee are responsible for the authorisation of spending within agreed budgets. Departmental spending control is devolved to budget holders

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**ST FRANCIS XAVIER'S COLLEGE**  
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**GOVERNORS' REPORT (continued)**  
**FOR THE PERIOD ENDED 31 AUGUST 2013**

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The Headteacher is responsible for the appointment of staff, though appointment panels for teaching posts may often include a Governor

The Head teacher is the Accounting Officer

**Risk Management**

The Governors have assessed the major risks to which the school is exposed, in particular those relating to the specific teaching, provision of facilities and other operational areas and its finances

The Governors have implemented a system to assess risks that the Academy faces, especially in the operational areas (e.g. in relation to teaching, health and safety and trips) and in relation to the control of finance. They have introduced systems, including operational procedures (e.g. vetting of new staff and visitors) and internal financial controls in order to minimise risk. Where significant financial risk still remains they have ensured they have adequate insurance cover.

The Academy has undertaken a full review of the main areas of risks which it faces. This includes all health and safety and child protection policies and procedures. In addition a review of all financial risks is undertaken on a regular basis.

The Academy has a formal risk management process to assess business risks and to implement risk management strategies. This process involves identifying the types of risk the Academy faces, scoring and prioritising the risks in terms of their potential operational and financial impact, assessing the likelihood of occurrence and identifying means of mitigating the risks. A Risk Register is maintained and reviewed on a regular basis.

**Connected Organisations, including Related Party Relationships**

The Academy has strong collaborative links with its feeder primary schools, and other secondary schools in the area.

The Academy has an active Parent Teacher Association - SFX PTA which supports the work of the school. The Trustees of the Brothers of Christian Instruction own the freehold of the college land and buildings and leases this to the Academy. The Academy leases its playing fields from the Trustees for Roman Catholic Purposes Registered.

There are no sponsors.

**Objectives and Activities**

The Academy is a caring, successful and improving school which currently has as its mission statement "Life in all its fullness". The Academy serves students with high quality learning to give the best possible life chances. We aim to get the best for, and from, each student. We aim to enable each student to realise his or her full academic, creative and physical potential, and to develop positive social and moral values. Our Academy is a community in which students, staff and parents should be part of this happy and caring environment.

GCSE performance this year was above that of the national picture for boys. The Academy caters for boys aged 11-16. In 2013 57.2% of pupils obtained 5 A\* - C grades including English and Maths and 68.5% gained 5 A\*-C grades overall (national boys figure 63.7%). In terms of English and Maths, 72% of pupils obtained a grade C or above in English (national boys figure 56.3%) and 68.7% gained a grade C or above in Maths (national boys figure 58.0%).

Students obtained very good 'A' level results with 95% of students progressing into higher education. The average points score per entry was 215.5 which continued an upward trend over the last 4 years.

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**GOVERNORS' REPORT (continued)**  
**FOR THE PERIOD ENDED 31 AUGUST 2013**

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NEET (not in employment, education or training) figures are outstanding. They both stand at zero for the Y11 and Y13 groups of 2012-13.

Two inspections were undertaken during the year. Ofsted visited in May and graded the overall effectiveness of the college as Good. The Archdiocesan inspection team visited in June and reported that the college provides outstanding catholic education.

The governors confirm that they have complied with the duty in section 17 of the Charities Act 2011 to have due regard to the public benefit guidance published by the Charity Commission in determining the activities undertaken by the Charitable Company.

**Going Concern**

After making appropriate enquiries, the governing body 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 Statement of Accounting Policies.

**Key Financial Performance Indicators**

The main financial performance indicator is the level of reserves held at the Balance Sheet date. In particular, the management of spending against General Annual Grant (GAG) requires special attention. It is the Academy's management policy that in general terms the income received in any one year is spent for the benefit of those children in the school that year.

As this is the first report consisting of a thirteen month period, during which the Academy has carried out several projects including new lighting, new fire doors, roof replacement and a complete refurbishment of the gym changing rooms, using pre and post Academy funds and a DfE Capital grant, it has been an unusual period in which to analyse financial data.

However, the monthly management accounts are generally in line with projected budget spend and this is another main indicator.

As funding is based on student numbers this is also a key performance indicator. Student numbers for Spring Census 2012 were 1022 in years 7-11 and 211 in 6th Form and 1025 and 202 in the Autumn Census respectively. It is anticipated that this number will be maintained in years 7 to 11 but 6th Form numbers can alter slightly from one year to the next and this is a matter reviewed regularly by the Academy Governors and Leadership Team, bearing in mind the downward trend of 6th Form funding.

**Financial Review**

Most of the Academy's income is obtained from the DfE via the Pre 16 GAG funding and Post 16 GAG funding, in the form of recurrent grants, the use of which is restricted to particular purposes. The grants received from the DfE during the period ended 31st August 2013 and the associated expenditure are shown as Restricted Funds in the Statement of Financial Activities.

During the period ended 31st August 2013, expenditure was covered by recurrent grant funding from the DfE, together with other incoming resources.

All exiting assets of the school were transferred to the Academy upon conversion. Specific land and buildings owned directly by the Academy Trust were professionally valued at that date. Other assets have been included in the financial statements at a fair value into account purchase price and remaining useful lives.



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**GOVERNORS' REPORT (continued)**  
**FOR THE PERIOD ENDED 31 AUGUST 2013**

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The balance of the former school's budget share was transferred across on conversion and is shown as Unrestricted Funds

The Academy has taken on the deficit in the Local Government Pension Scheme (LGPS) in respect of its Support Staff transferred on conversion. The deficit is incorporated within the Statement of Financial Activity with details in the financial statements. A LGPS Discretionary Statement was approved by the Governors during the period.

Key financial policies adopted or reviewed during the year include the Financial Handbook which lays out the framework for financial management, including financial responsibilities of the Governors, Headteacher, Business Manager, other managers, budget holders and other staff, as well as delegated authority for spending. Other policies reviewed and updated annually included Financial Risk and Controls Checklist, Best Value Policy and the Governors Decision Making Document. The Governors also review the Financial Scheme of Delegation separately from the Financial Manual. Insurance needs are also reviewed annually.

Governors have appointed UHY Hacker Young Manchester LLP to undertake the role of internal auditor. This role undertakes a programme of internal checks on financial controls. During the period, the Governors received two reports from the internal auditor which contained no matters of significance.

**Financial and Risk Management Objectives and Policies**

The Academy has agreed a Risk Management Policy incorporating a Risk Register. There is also a strategic plan. These have been discussed by Governors and include the financial risks to the Academy. The register and plan are constantly reviewed in light of any new information and formally reviewed annually.

The Governors have assessed the major risks to which the Academy is exposed, in particular those relating to its finances, teaching, facilities and other operational areas. The Governors have implemented a number of systems to assess and minimise those risks, including internal controls described elsewhere. Where significant financial risk still remains they have ensured they have adequate insurance cover.

As the Academy is over-subscribed at year 7, risks to revenue funding from a falling roll are small. However, 6th Form numbers can vary slightly and this is a matter reviewed regularly by the Academy Governors and Leadership Team, bearing in mind the reduction in post 16 funding levels, the freeze on the Government's overall education budget, changes in funding arrangements for special educational needs and increasing employment and premises costs mean that budgets will be increasingly tight in coming years.

The Governors examine the financial health formally every term, reviewing performance against budgets and overall expenditure by means of regular update reports at all Full Governors and Finance Committee meetings ensuring that sufficient funds are held to cover all known and anticipated commitments.

The Governing Body recognises that the defined benefit scheme deficit (Local Government Pension Scheme), which is set out in the notes to the financial statements, represents a significant potential liability. However, as the Governors consider that the Academy is able to meet its known annual contribution commitments for the foreseeable future, this risk from this liability is minimised.

**Principal Risks and Uncertainties**

The principal risks and uncertainties facing the Academy are as follows:

Financial – the Academy has considerable reliance on continued Government funding through the EFA and whilst this level is expected to continue, there is no assurance that Government policy or practice will remain the same or that public funding will continue at the same levels or on the same terms.

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**GOVERNORS' REPORT (continued)**  
**FOR THE PERIOD ENDED 31 AUGUST 2013**

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Failures in governance and/or management – the risk in this area arises from potential failure to effectively manage the Academy's finances, internal controls, compliance with regulations and legislation, statutory returns, etc. The Governors continue to review and ensure that appropriate measures are in place to mitigate these risks

Reputational – the continuing success of the Academy is dependent on continuing to attract applicants in sufficient numbers by maintaining the highest educational standards. To mitigate this risk Governors ensure that student success and achievement are closely monitored and reviewed

Safeguarding and child protection – the Governors continue to ensure that the highest standards are maintained in the areas of selection and monitoring of staff, the operation of child protection policies and procedures, health and safety and discipline

Staffing – the success of the Academy is reliant on the quality of its staff and so the Governors monitor and review policies and procedures to ensure continued development and training of staff as well as ensuring there is clear succession planning

Fraud and mismanagement of funds – The Academy has appointed an internal auditor to carry out checks on financial systems and records as required by the Academy Financial Handbook. All finance staff received training to keep them up to date with financial practice requirements and develop their skills in this area

#### **Reserves Policy**

The Governors review the reserve levels of the Academy annually. This review encompasses the nature of income and expenditure streams, the need to match income with commitments and the nature of reserves. The Governors take into consideration the future plans of the Academy, the uncertainty over future income streams and other key risks identified during the risk review

The Academy is carrying a net surplus on funds excluding the pension scheme liability of £1,241,008, and at the end of the period has free (unrestricted) reserves of £417,842

The Governors have determined that the appropriate levels of free cash reserves should be approximately £250,000. 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

#### **Investment Policy**

All funds surplus to immediate requirements are invested to optimal effect. Where cash flow allows, sums may be invested on deposit for extended periods

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

#### **Plans for Future Periods**

Our primary focus in 2013/2014 is to ensure our students make significant progress and achieve high degrees of success in their examinations

At our Leadership Conference which is usually held in February each year, staff, work to produce a 3 year plan to improve teaching and learning using the financial resources available to the college. We have an Academy that is continually striving to improve results and have implemented support groups including the Aspire Group, RAP Group (Raising Achievement) and 1:1 Tuition to aid students with specific needs. Pupil Premium is targeted at students who come from deprived backgrounds to help make progress for such pupils

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**GOVERNORS' REPORT (continued)**  
**FOR THE PERIOD ENDED 31 AUGUST 2013**

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The Leadership Team are working hard to embrace the various changes to the curriculum which are coming on line for 2014 in order that the best interests of students are served

We have a 3 year programme of building works to improve the Main Building which is over 60 years old and in need of upgrading. We also endeavour to improve the environment for both staff and pupils throughout the college site

The Academy has also just completed a brand new covered Multi Use Games Area (MUGA) with down lighting included to allow students to continue sport in bad weather

The Academy are also working closely with the Local Authority in terms of longer term capital development as part of the Liverpool Investment Plan

**Funds Held as Custodian Trustee on behalf of others**

The Academy and its Governors do not act as the Custodian Trustees of any other Charity

**Auditors**

The Governors appointed UHY Hacker Young Manchester LLP as auditors to the Academy on 1st August 2012 on conversion to Academy. This was agreed at a Full Board of Governors meeting as an Academy on Thursday 22nd November 2012

**Statement as to disclosure of information to auditors**

The Governors have confirmed that insofar as they are aware -

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

Approved by order of the members of the governing body on 17 December 2013 and signed on its behalf by Dr A Keeley, Chair of Governors -

  
Dr A Keeley  
Chair of Governors

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**ST FRANCIS XAVIER'S COLLEGE**  
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**GOVERNANCE STATEMENT**

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**SCOPE OF RESPONSIBILITY**

As governors, we acknowledge we have overall responsibility for ensuring that St Francis Xavier's College 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 Head teacher, as Accounting Officer, for ensuring financial controls conform with the requirements of both propriety and good financial management and in accordance with the requirements and responsibilities assigned to it in the funding agreement between St Francis Xavier's College and the Secretary of State for Education. They are also responsible for reporting to the board of trustees any material weaknesses or breakdowns in internal control.

**GOVERNANCE**

The information on governance included here supplements that described in the Governors' report and in the Statement of Governors' Responsibilities. The board of trustees has formally met 3 times during the period. Attendance during the period at meetings of the board of trustees was as follows:

Governor	Meetings attended	Out of a possible
Mrs F Brown, Appointed by members	0	2
Mr D Delaney, Appointed by members	0	0
Mrs M Fullan, Parent governor	2	3
Mr K Glover, Teaching staff governor	2	3
Miss P Goodall, Support staff governor	2	3
Mrs M Gormely, Appointed by members	3	3
Bro J Hayes, Appointed by members	3	3
Mrs J Holmes, Teaching staff governor	3	3
Mr M Helme, Parent governor	2	3
Dr A Keeley, Chairman, appointed by the members	3	3
Mr H N King, Appointed by the members	3	3
Mr J Lloyd, Teaching staff	3	3
Mr S McNally, Parent governor	1	1
Mrs J Merrie, Parent governor	2	3
Mrs S O'Driscoll, Appointed by members	3	3
Mr N O'Hare, Parent governor	0	1
Mrs Y A O'Hare, Appointed by members	3	3
Mr T O'Keefe, Parent Governor	1	3
Mrs A Oliver, Parent governor	3	3
Mr M W Ord, Appointed by members	1	2
Bro F Patterson, Appointed by members	1	3
Mr M Power, Appointed by members	3	3
Mr D Reynolds, Co-opted by board	3	3
Mr L D Rippon, Head Teacher	3	3
Mrs E M Tedford, Vice Chair, appointed by members	3	3

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**GOVERNANCE STATEMENT (continued)**

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The Finance Committee is a committee of the main governing body. Its purpose is to monitor the financial administration of the school to ensure efficient and effective use of funds in accordance with current regulations by discussion, review and challenge at its meetings.

Attendance at meetings in the period was as follows:

Governor	Meetings attended	Out of a possible
Mrs F Brown	0	2
Mr K Glover	3	3
Mrs M Gormley	3	3
Mr M Helme	2	3
Dr A Keeley, Chairman	3	3
Mr H N King	3	3
Mr J Lloyd	0	0
Mr S McNally	1	1
Mrs J Merrie	3	3
Mr N O'Hare	3	3
Mr M Power	2	3
Mr L D Rippon, Head Teacher	3	3
Mrs E M Tedford, Vice Chair	1	3

**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 ongoing process designed to identify and prioritise the risks to the achievement of Academy 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 St Francis Xavier's College for the period 1 August 2012 to 31 August 2013 and up to the date of approval of the annual report and financial statements.

**CAPACITY TO HANDLE RISK**

The board of trustees has reviewed the key risks to which the Academy is exposed together with the operating, financial and compliance controls that have been implemented to mitigate those risks. The board of trustees is of the view that there is a formal ongoing process for identifying, evaluating and managing the Academy's significant risks, that has been in place for the period 1 August 2012 to 31 August 2013 and up to the date of approval of the annual report and financial statements. This process is regularly reviewed by the board of trustees.

**THE RISK AND CONTROL FRAMEWORK**

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

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

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**GOVERNANCE STATEMENT (continued)**

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- identification and management of risks

The board of trustees has considered the need for a specific internal audit function and has decided to appoint UHY Hacker Young Manchester LLP as internal auditor

The internal auditor's role includes giving advice on financial matters and performing a range of checks on the Academy's financial systems. On a regular basis, the internal auditor reports to the board of trustees on the operation of the systems of control and on the discharge of the board of trustees' financial responsibilities

**REVIEW OF EFFECTIVENESS**

As Accounting Officer, the Head teacher 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 internal auditor,
- the work of the external auditors,
- the financial management and governance self-assessment process,
- the work of the executive managers within the Academy who have responsibility for the development and maintenance of the internal control framework

The Accounting Officer has been advised of the implications of the result of their review of the system of internal control by the Finance Committee and a plan to address weaknesses and ensure continuous improvement of the system is in place

Approved by order of the members of the board of trustees on 17 December 2013 and signed on their behalf,  
by

  
Dr A Keeley  
Chair of Governors

  
Mr L D Rippon  
Accounting Officer

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**ST FRANCIS XAVIER'S COLLEGE**  
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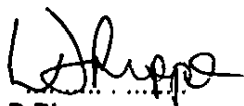
**STATEMENT ON REGULARITY, PROPRIETY AND COMPLIANCE**

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As Accounting Officer of St Francis Xavier's College I have considered my responsibility to notify the Academy board of trustees and the Education Funding Agency of material irregularity, impropriety and non-compliance with EFA terms and conditions of funding, under the funding agreement in place between the Academy and the Secretary of State. As part of my consideration I have had due regard to the requirements of the Academies Financial Handbook (2012)

I confirm that I and the Academy board of trustees are able to identify any material, irregular or improper use of funds by the Academy, or material non-compliance with the terms and conditions of funding under the Academy's funding agreement and the Academies Financial Handbook (2012)

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



**Mr L D Rippon**  
**Accounting Officer**

Date 17 December 2013

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**ST FRANCIS XAVIER'S COLLEGE**  
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**GOVERNORS' RESPONSIBILITIES STATEMENT**  
**FOR THE PERIOD ENDED 31 AUGUST 2013**

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The Governors (who act as trustees of St Francis Xavier's College and are also the directors of the charitable company for the purposes of company law) are responsible for preparing the Governors' report and the financial statements in accordance with the Annual Accounts Direction issued by the Education Funding Agency, United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice) and applicable law and regulations

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

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

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

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

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

Approved by order of the members of the governing body on 17 December 2013 and signed on its behalf by

  
Dr A Keeley  
Chair of Governors



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**ST FRANCIS XAVIER'S COLLEGE**  
**(A company limited by guarantee)**

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**INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF ST FRANCIS XAVIER'S COLLEGE**

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We have audited the financial statements of St Francis Xavier's College for the period ended 31 August 2013 which comprise the Statement of financial activities, the Balance sheet, the Cash flow statement and the related notes. The financial reporting framework that has been applied in their preparation is applicable law, United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice) and the Academies Accounts Direction 2013 issued by the Education Funding Agency.

This report is made solely to the Academy's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the Academy'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 Academy and its members, as a body, for our audit work, for this report, or for the opinion we have formed.

**RESPECTIVE RESPONSIBILITIES OF GOVERNORS AND AUDITORS**

As explained more fully in the Governors' responsibilities statement, the Governors (who are also the directors of the Academy for the purposes of company law) are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view.

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

**SCOPE OF THE AUDIT OF THE FINANCIAL STATEMENTS**

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

**OPINION ON FINANCIAL STATEMENTS**

In our opinion the financial statements

- give a true and fair view of the state of the Academy's affairs as at 31 August 2013 and of its incoming resources and application of resources, including its income and expenditure, for the period then ended,
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice, and
- have been prepared in accordance with the requirements of the Companies Act 2006 and the Academies Accounts Direction 2013 issued by the Education Funding Agency.

**OPINION ON OTHER MATTER PRESCRIBED BY THE COMPANIES ACT 2006**

In our opinion the information given in the Governors' report for the financial period for which the financial statements are prepared is consistent with the financial statements.

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**ST FRANCIS XAVIER'S COLLEGE**  
**(A company limited by guarantee)**

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**INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF ST FRANCIS XAVIER'S COLLEGE**

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**MATTERS ON WHICH WE ARE REQUIRED TO REPORT BY EXCEPTION**

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

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



Mark Robertson (Senior statutory auditor)

for and on behalf of

**UHY Hacker Young Manchester LLP**

Chartered Accountants  
Statutory Auditors

St James Building

79 Oxford Street

Manchester

M1 6HT

17 December 2013

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**ST FRANCIS XAVIER'S COLLEGE**  
**(A company limited by guarantee)**

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**INDEPENDENT REPORTING AUDITORS' ASSURANCE REPORT ON REGULARITY TO ST FRANCIS  
XAVIER'S COLLEGE AND THE EDUCATION FUNDING AGENCY**

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In accordance with the terms of our engagement letter and further to the requirements of the Education Funding Agency (EFA) as included in the Academies Accounts Direction 2013, we have carried out an engagement to obtain limited assurance about whether the expenditure disbursed and income received by St Francis Xavier's College during the period 1 August 2012 to 31 August 2013 have been applied to the purposes identified by Parliament and the financial transactions conform to the authorities which govern them

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

**RESPECTIVE RESPONSIBILITIES OF ST FRANCIS XAVIER'S COLLEGE'S ACCOUNTING OFFICER AND  
THE REPORTING AUDITORS**

The accounting officer is responsible, under the requirements of St Francis Xavier's College's funding agreement with the Secretary of State for Education dated 20 February 2012, and the Academies Financial Handbook extant from 2006, for ensuring that expenditure disbursed and income received is applied for the purposes intended by Parliament and the financial transactions conform to the authorities which govern them.

Our responsibilities for this engagement are established in the United Kingdom by our profession's ethical guidance and are to obtain limited assurance and report in accordance with our engagement letter and the requirements of the Academies Accounts Direction 2013. We report to you whether anything has come to our attention in carrying out our work which suggests that in all material respects, expenditure disbursed and income received during the period 1 August 2012 to 31 August 2013 have not been applied to purposes intended by Parliament or that the financial transactions do not conform to the authorities which govern them.

**APPROACH**

We conducted our engagement in accordance with the Academies Accounts Direction 2013 issued by the EFA. We performed a limited assurance engagement as defined in our engagement letter.

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

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

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

We conducted our work in accordance with Technical Release TECH 08/12 AAF issued by the Institute of Chartered Accountants in England and Wales. In accordance with that Technical Release we have carried out the procedures we consider necessary to be able to report on whether anything has come to our attention which suggests that in all material respects expenditure disbursed and income received have not been applied to purposes intended by Parliament or that the financial transactions do not conform to the authorities which govern them. Other than those procedures undertaken for the purposes of our audit of the financial statements of St Francis Xavier's College for the period ended 31 August 2013 which provide evidence on regularity, our work was limited to only those additional procedures necessary to provide limited assurance.

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**ST FRANCIS XAVIER'S COLLEGE**  
(A company limited by guarantee)

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**INDEPENDENT REPORTING AUDITORS' ASSURANCE REPORT ON REGULARITY TO ST FRANCIS  
XAVIER'S COLLEGE AND THE EDUCATION FUNDING AGENCY (continued)**

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**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 August 2012 to 31 August 2013 have not been applied to purposes intended by Parliament and the financial transactions do not conform to the authorities which govern them.



Mark Robertson (Senior statutory auditor)

for and on behalf of

**UHY Hacker Young Manchester LLP**

Chartered Accountants  
Statutory Auditors

St James Building  
79 Oxford Street  
Manchester  
M1 6HT

17 December 2013

**ST FRANCIS XAVIER'S COLLEGE**  
(A company limited by guarantee)

**STATEMENT OF FINANCIAL ACTIVITIES**  
(incorporating income and expenditure account and statement of recognised gains and losses)  
FOR THE PERIOD ENDED 31 AUGUST 2013

	Note	Unrestricted funds 2013 £	Restricted funds 2013 £	Restricted fixed asset funds 2013 £	Total funds 2013 £
<b>INCOMING RESOURCES</b>					
Incoming resources from generated funds					
Voluntary income	2	-	514,119	-	514,119
Activities for generating funds	3	36,259	158,118	-	194,377
Investment income	4	716	-	-	716
Incoming resources from charitable activities	5	-	7,547,760	141,772	7,689,532
Transferred on conversion		380,867	(1,494,173)	300,288	(813,018)
<b>TOTAL INCOMING RESOURCES</b>		<b>417,842</b>	<b>6,725,824</b>	<b>442,060</b>	<b>7,585,726</b>
<b>RESOURCES EXPENDED</b>					
Charitable activities	6,7	-	7,745,429	24,285	7,769,714
Governance costs	8	-	151,004	-	151,004
<b>TOTAL RESOURCES EXPENDED</b>	9	<b>-</b>	<b>7,896,433</b>	<b>24,285</b>	<b>7,920,718</b>
<b>NET INCOMING RESOURCES / (RESOURCES EXPENDED) BEFORE TRANSFERS</b>		<b>417,842</b>	<b>(1,170,609)</b>	<b>417,775</b>	<b>(334,992)</b>
Transfers between Funds	18	-	(455,842)	455,842	-
<b>NET EXPENDITURE FOR THE PERIOD</b>		<b>417,842</b>	<b>(1,626,451)</b>	<b>873,617</b>	<b>(334,992)</b>
Actuarial losses on defined benefit pension schemes		-	(14,000)	-	(14,000)
<b>NET MOVEMENT IN FUNDS FOR THE PERIOD</b>		<b>417,842</b>	<b>(1,640,451)</b>	<b>873,617</b>	<b>(348,992)</b>
<i>Total funds at 1 August 2012</i>		<i>-</i>	<i>-</i>	<i>-</i>	<i>-</i>
<b>TOTAL FUNDS AT 31 AUGUST 2013</b>	19	<b>417,842</b>	<b>(1,640,451)</b>	<b>873,617</b>	<b>(348,992)</b>

All of the Academy's activities relate to continuing operations

The Statement of Financial Activities includes all gains and losses recognised in the period

The notes on pages 22 to 45 form part of these financial statements

**ST FRANCIS XAVIER'S COLLEGE**  
**(A company limited by guarantee)**  
**REGISTERED NUMBER 08137421**

**BALANCE SHEET**  
**AS AT 31 AUGUST 2013**

	Note	£	2013 £
<b>FIXED ASSETS</b>			
Tangible assets	14		598,617
Investment property	15		275,000
			<u>873,617</u>
<b>CURRENT ASSETS</b>			
Debtors	16	483,413	
Cash at bank		392,103	
		<u>875,516</u>	
<b>CREDITORS</b> amounts falling due within one year	17	<u>(508,125)</u>	
<b>NET CURRENT ASSETS</b>			<u>367,391</u>
<b>TOTAL ASSETS LESS CURRENT LIABILITIES</b>			<u>1,241,008</u>
Defined benefit pension scheme liability	24		<u>(1,590,000)</u>
<b>NET LIABILITIES INCLUDING PENSION SCHEME LIABILITIES</b>			<u>(348,992)</u>
<b>FUNDS OF THE ACADEMY</b>			
Restricted funds			
General funds	18	(50,451)	
Fixed asset funds	18	873,617	
		<u>823,166</u>	
Restricted funds excluding pension liability			
Pension reserve		<u>(1,590,000)</u>	
Total restricted funds			(766,834)
Unrestricted funds	18		417,842
<b>TOTAL DEFICIT</b>			<u>(348,992)</u>

The financial statements were approved by the Governors, and authorised for issue, on 17 December 2013 and are signed on their behalf, by

  
**Dr A Keeley**  
**Chair of Governors**

The notes on pages 22 to 45 form part of these financial statements

**ST FRANCIS XAVIER'S COLLEGE**  
(A company limited by guarantee)

**CASH FLOW STATEMENT  
FOR THE PERIOD ENDED 31 AUGUST 2013**

	Note	Period ended 31 August 2013 £
Net cash flow from operating activities	20	744,170
Returns on investments and servicing of finance	21	718
Capital expenditure and financial investment	21	(352,785)
<b>INCREASE IN CASH IN THE PERIOD</b>		<b>392,103</b>

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

**RECONCILIATION OF NET CASH FLOW TO MOVEMENT IN NET FUNDS  
FOR THE PERIOD ENDED 31 AUGUST 2013**

	Period ended 31 August 2013 £
Increase in cash in the period	392,103
<b>MOVEMENT IN NET FUNDS IN THE PERIOD</b>	<b>392,103</b>
<b>NET FUNDS AT 31 AUGUST 2013</b>	<b>392,103</b>

The notes on pages 22 to 45 form part of these financial statements

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**ST FRANCIS XAVIER'S COLLEGE**  
**(A company limited by guarantee)**

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**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE PERIOD ENDED 31 AUGUST 2013**

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**1 ACCOUNTING POLICIES**

**1.1 Basis of preparation of financial statements**

The financial statements have been prepared under the historical cost convention, with the exception of investments which are included at market value. The financial statements have been prepared in accordance with the Statement of Recommended Practice (SORP), 'Accounting and Reporting by Charities' published in March 2005, the Academies Accounts Direction 2013 issued by the EFA, applicable accounting standards and the Companies Act 2006.

**1.2 Going concern**

The Governors assess whether the use of going concern is appropriate by assessing whether there are any material uncertainties related to events or conditions that may cast significant doubt on the ability of the Academy to continue as a going concern. The Governors make this assessment in respect of a period of one year from the date of approval of the financial statements. After making appropriate enquiries, the governing body 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.

**1.3 Fund accounting**

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

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

Restricted pension fund represents the deficit inherited from Liverpool City Council.

Restricted general funds comprise all other restricted funds received and include grants from the Department for Education.

Investment income, gains and losses are allocated to the appropriate fund.



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**ST FRANCIS XAVIER'S COLLEGE**  
**(A company limited by guarantee)**

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**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE PERIOD ENDED 31 AUGUST 2013**

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**1. ACCOUNTING POLICIES (continued)**

**1.4 Incoming resources**

All incoming resources are included in the Statement of financial activities when the Academy has entitlement to the funds, certainty of receipt and the amount can be measured with sufficient reliability

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

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

Sponsorship income provided to the Academy which amounts to a donation is recognised in the Statement of financial activities in the period in which it is receivable, where there is certainty of receipt and it is measurable.

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

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

Income tax recoverable in relation to donations received under Gift Aid or deeds of covenant is recognised at the time of the donation.

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

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**ST FRANCIS XAVIER'S COLLEGE**  
**(A company limited by guarantee)**

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**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE PERIOD ENDED 31 AUGUST 2013**

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**1. ACCOUNTING POLICIES (continued)**

**1.5 Resources expended**

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

Charitable activities are costs incurred in the Academy's educational operations.

Governance costs include the costs attributable to the Academy's compliance with constitutional and statutory requirements, including audit, strategic management and Governors' meetings and reimbursed expenses.

All resources expended are inclusive of irrecoverable VAT.

**1.6 Tangible fixed assets and depreciation**

Where tangible fixed assets have been acquired with the aid of specific grants, either from the government or from the private sector, they are included in the Balance sheet at cost and depreciated over their expected useful economic life. The related grants are credited to a restricted fixed asset fund in the Statement of financial activities and are carried forward in the Balance sheet. Depreciation on such assets is charged to the restricted fixed asset fund in the Statement of financial activities so as to reduce the fund over the useful economic life of the related asset on a basis consistent with the Academy's depreciation policy.

Tangible fixed assets are stated at cost less depreciation. Depreciation is provided at rates calculated to write off the cost of fixed assets, less their estimated residual value, over their expected useful lives on the following bases:

Buildings	-	50 years straight line
Building adaptations	-	10 years straight line
Plant and machinery	-	25% reducing balance/50 years straight line
Motor vehicles	-	25% reducing balance
Fixtures and fittings	-	25% reducing balance
Computer equipment	-	3 years straight line

**1.7 Investment properties**

Investment properties are included in the Balance sheet at their open market value in accordance with Statement of Standard Accounting Practice No 19 and are not depreciated. This treatment is contrary to the Companies Act 2006 which states that fixed assets should be depreciated but is, in the opinion of the Governors, necessary in order to give a true and fair view of the financial position of the Academy.

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**ST FRANCIS XAVIER'S COLLEGE**  
**(A company limited by guarantee)**

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**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE PERIOD ENDED 31 AUGUST 2013**

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**1. ACCOUNTING POLICIES (continued)**

**1.8 Operating leases**

Rentals under operating leases are charged to the Statement of financial activities on a straight line basis over the lease term

Benefits received and receivable as an incentive to sign an operating lease are recognised on a straight line basis over the period until the date the rent is expected to be adjusted to the prevailing market rate

**1.9 Taxation**

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

**1.10 Pensions**

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 and the assets are held separately from those of the Academy

The TPS is an unfunded scheme and contributions are calculated so as to spread the cost of pensions over employees' working lives with the Academy in such a way that the pension cost is a substantially level percentage of current and future pensionable payroll. The contributions are determined by the Government Actuary on the basis of quinquennial valuations using a prospective benefit method. As stated in note 24, the TPS is a multi-employer scheme and the Academy is unable to identify its share of the underlying assets and liabilities of the scheme on a consistent and reasonable basis. The TPS is therefore treated as a defined contribution scheme and the contributions recognised as they are paid each year.

The LGPS is a funded scheme and the assets are held separately from those of the Academy in separate trustee administered funds. Pension scheme assets are measured at fair value and liabilities are measured on an actuarial basis using the projected unit method and discounted at a rate equivalent to the current rate of return on a high quality corporate bond of equivalent term and currency to the liabilities. The actuarial valuations are obtained at least triennially and are updated at each balance sheet date. The amounts charged to operating surplus are the current service costs and gains and losses on the settlements and curtailments. They are included as part of staff costs. Past service costs are recognised immediately in the Statement of financial activities if the benefits have vested. If the benefits have not vested immediately, the costs are recognised over the period vesting occurs. The expected return on assets and the interest cost are shown as a net finance amount of other finance costs or credits adjacent to interest. Actuarial gains and losses are recognised immediately in other gains and losses.

**ST FRANCIS XAVIER'S COLLEGE**  
(A company limited by guarantee)

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE PERIOD ENDED 31 AUGUST 2013**

**1 ACCOUNTING POLICIES (continued)**

**1.11 Conversion to an academy trust**

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

The assets and liabilities transferred on conversion from St Francis Xavier's College to an academy trust have been valued at their fair value, being a reasonable estimate of the current market value that the Governors would expect to pay in an open market for an equivalent item. Their fair value is in accordance with the accounting policies set out for St Francis Xavier's College. The amounts have been recognised under the appropriate balance sheet categories, with a corresponding amount recognised in the Statement of financial activities and analysed under unrestricted funds, restricted general funds and restricted fixed asset funds

Further details of the transaction are set out in note 23

**2. VOLUNTARY INCOME**

	Unrestricted funds 2013 £	Restricted funds 2013 £	Total funds 2013 £
Donations	-	514,119	514,119

**3 ACTIVITIES FOR GENERATING FUNDS**

	Unrestricted funds 2013 £	Restricted funds 2013 £	Total funds 2013 £
Trip income	-	100,229	100,229
Catering income	21,877	-	21,877
Hire of facilities	14,382	-	14,382
Income from other schools	-	38,921	38,921
Other income	-	18,968	18,968
	<u>36,259</u>	<u>158,118</u>	<u>194,377</u>

**4 INVESTMENT INCOME**

	Unrestricted funds 2013 £	Restricted funds 2013 £	Total funds 2013 £
Bank interest	716	-	716

**ST FRANCIS XAVIER'S COLLEGE**  
(A company limited by guarantee)

**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE PERIOD ENDED 31 AUGUST 2013**

**5 FUNDING FOR ACADEMY'S EDUCATIONAL OPERATIONS**

	Unrestricted funds 2013 £	Restricted funds 2013 £	Total funds 2013 £
<b>DfE/EFA grants</b>			
General Annual Grant	-	7,416,501	7,416,501
Capital grants	-	117,000	117,000
Other DfE/EFA grants	-	24,772	24,772
Local Authority grants	-	21,073	21,073
Other Local Authority income	-	110,186	110,186
	<u>-</u>	<u>7,689,532</u>	<u>7,689,532</u>

**6. DIRECT COSTS**

	Educational activities £	Total 2013 £
Depreciation	15,025	15,025
Educational supplies	271,493	271,493
Exam fees	125,873	125,873
Staff development	19,807	19,807
Technology costs	11,405	11,405
Travel	10,724	10,724
Other costs	161,758	161,758
External consultancy	68,148	68,148
Wages and salaries	3,647,632	3,647,632
National insurance	279,474	279,474
Pension cost	476,307	476,307
	<u>5,087,646</u>	<u>5,087,646</u>

**ST FRANCIS XAVIER'S COLLEGE**  
(A company limited by guarantee)

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE PERIOD ENDED 31 AUGUST 2013**

**7 SUPPORT COSTS**

	Educational activities £	Total 2013 £
Depreciation	9,260	9,260
Technology costs	152,126	152,126
Recruitment and support	13,780	13,780
Maintenance of premises and equipment	304,023	304,023
Cleaning	16,617	16,617
Rates	118,257	118,257
Energy	120,568	120,568
Insurance	60,699	60,699
Security	5,769	5,769
Catering	122,103	122,103
Bank charges	27	27
Other costs	78,195	78,195
Operating lease rentals re land and buildings	506,612	506,612
FRS 17 operating and finance costs	52,000	52,000
Wages and salaries	935,539	935,539
National insurance	44,739	44,739
Pension cost	141,754	141,754
	<u>2,682,068</u>	<u>2,682,068</u>

**8 GOVERNANCE COSTS**

	Unrestricted funds 2013 £	Restricted funds 2013 £	Total funds 2013 £
Legal and professional fees	-	41,202	41,202
Accountancy	-	30,309	30,309
Training costs	-	2,550	2,550
30% allocation of clerical staff costs	-	76,943	76,943
	<u>-</u>	<u>151,004</u>	<u>151,004</u>

**ST FRANCIS XAVIER'S COLLEGE**  
(A company limited by guarantee)

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE PERIOD ENDED 31 AUGUST 2013**

**9. ANALYSIS OF RESOURCES EXPENDED BY EXPENDITURE TYPE**

	Staff costs 2013 £	Other costs 2013 £	Total 2013 £
Activities undertaken directly	4,403,413	684,233	5,087,646
Support costs	1,122,032	1,560,036	2,682,068
<b>Academies educational operations</b>	<b>5,525,445</b>	<b>2,244,269</b>	<b>7,769,714</b>
<b>Governance</b>	<b>76,943</b>	<b>74,061</b>	<b>151,004</b>
	<b>5,602,388</b>	<b>2,318,330</b>	<b>7,920,718</b>

**10 NET INCOMING RESOURCES / (RESOURCES EXPENDED)**

This is stated after charging

	Period ended 31-August 2013 £
Depreciation of tangible fixed assets - owned by the charity	24,285
Fees payable to auditor - audit	7,250
- other services	23,059
Operating lease rentals	638,758

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**ST FRANCIS XAVIER'S COLLEGE**  
**(A company limited by guarantee)**

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**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE PERIOD ENDED 31 AUGUST 2013**

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**11 STAFF COSTS**

Staff costs were as follows

	<b>Period ended 31 August 2013 £</b>
Wages and salaries	4,660,114
Social security costs	324,214
Other pension costs	618,061
	<hr/> <b>5,602,389</b> <hr/>

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

	<b>Period ended 31 August 2013 No</b>
Teachers	70
Administration and support	96
Management	1
	<hr/> <b>167</b> <hr/>

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

	<b>Period ended 31 August 2013 No</b>
In the band £60,001 - £70,000	4
In the band £100,001 - £200,000	1
	<hr/> <b>5</b> <hr/>

Four of the above employees participated in the Teacher's Pension Scheme. During the period ended 31 August 2013, pension contributions for these staff amounted to £46,262. The other employee participated in the Local Government Pension Scheme, pension contributions amounted to £8,736.



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**12 GOVERNORS' REMUNERATION AND EXPENSES**

The Principal and other staff Governors only receive remuneration in respect of services they provide undertaking the roles of Principal and staff, and not in respect of their services as Governors. Other Governors did not receive any payments, from the Academy in respect of their role as Governors. The value of Governors' remuneration fell within the following bands:

	Period ended 31 August 2013 £
Mr L D Rippon, Head Teacher	130,000-135,000
Mr J Lloyd	50,000-55,000
Mr K Glover	45,000-50,000
Miss P Goodall	20,000-25,000
Mrs J Holmes	35,000-40,000
Mr D Reynolds	20,000-25,000

During the period, no Governors received any reimbursement of expenses.

The amounts disclosed above include pensions and salary and cover the full 13 month period ended 31 August 2013.

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**13 GOVERNORS' AND OFFICERS' INSURANCE**

In accordance with normal commercial practice the Academy has purchased insurance to protect Governors and officers from claims arising from negligent acts, errors or omissions occurring whilst on academy business. The insurance provides cover up to £2,000,000 on any one claim and the cost for the period ended 31 August 2013 was £1,555.

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**14 TANGIBLE FIXED ASSETS**

	Buildings £	Building adaptation s £	Plant and machinery £	Fixtures and fittings £	Computer equipment £
<b>Cost</b>					
Additions	262,781	253,275	40,735	32,502	8,322
Transfers on conversion	-	-	-	-	14,995
At 31 August 2013	<u>262,781</u>	<u>253,275</u>	<u>40,735</u>	<u>32,502</u>	<u>23,317</u>
<b>Depreciation</b>					
Charge for the period	2,628	2,325	5,833	1,284	9,428
At 31 August 2013	<u>2,628</u>	<u>2,325</u>	<u>5,833</u>	<u>1,284</u>	<u>9,428</u>
<b>Net book value</b>					
At 31 August 2013	<u><u>260,153</u></u>	<u><u>250,950</u></u>	<u><u>34,902</u></u>	<u><u>31,218</u></u>	<u><u>13,889</u></u>

	Motor vehicles £	Total £
<b>Cost</b>		
Additions	-	597,615
Transfers on conversion	10,292	25,287
At 31 August 2013	<u>10,292</u>	<u>622,902</u>
<b>Depreciation</b>		
Charge for the period	2,787	24,285
At 31 August 2013	<u>2,787</u>	<u>24,285</u>
<b>Net book value</b>		
At 31 August 2013	<u><u>7,505</u></u>	<u><u>598,617</u></u>

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**15 INVESTMENT PROPERTY**

	Freehold investment property £
<b>Valuation</b>	
Valuation on conversion	275,000
At 31 August 2013	<u>275,000</u>

The latest property valuation was performed by FHP Property Consultants, a firm of Independent Chartered Surveyors on 18 October 2013, on an open market value basis. This valuation was taken as the fair value of the property on conversion. The valuation is in accordance with the RICS appraisal and valuation manual.

**16 DEBTORS**

	2013 £
Trade debtors	32,735
Other debtors	92,919
Prepayments and accrued income	357,759
	<u>483,413</u>

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**17. CREDITORS.**

Amounts falling due within one year

	2013 £
Trade creditors	377,772
Accruals and deferred income	130,353
	<u>508,125</u>
	£
<b>Deferred income</b>	
Deferred income inherited on conversion	35,945
Resources deferred during the year	20,816
Amounts released from previous years	(17,208)
	<u>39,553</u>
Deferred income at 31 August 2013	<u>39,553</u>

At the balance sheet date the academy trust was holding funds received in advance for trips which had not yet taken place

**18. STATEMENT OF FUNDS**

	Brought Forward £	Incoming resources £	Resources Expended £	Transfers in/out £	Gains/ (Losses) £	Carried Forward £
<b>Unrestricted funds</b>						
General funds	-	36,975	-	-	-	36,975
Inherited on conversion	-	380,867	-	-	-	380,867
	<u>-</u>	<u>417,842</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>417,842</u>

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**18. STATEMENT OF FUNDS (continued)**

**Restricted funds**

General funds	-	672,238	(672,238)	-	-	-
General Annual Grant (GAG) (i)	-	7,416,500	(7,040,936)	(455,842)	-	(80,278)
Other government grants (ii)	-	131,259	(131,259)	-	-	-
Inherited on conversion	-	29,827	-	-	-	29,827
Pension reserve (iii)	-	(1,524,000)	(52,000)	-	(14,000)	(1,590,000)
	-	<u>6,725,824</u>	<u>(7,896,433)</u>	<u>(455,842)</u>	<u>(14,000)</u>	<u>(1,640,451)</u>

**Restricted fixed asset funds**

Restricted fixed asset funds (iv)	-	442,060	(24,285)	455,842	-	873,617
Total restricted funds	-	<u>7,167,884</u>	<u>(7,920,718)</u>	-	<u>(14,000)</u>	<u>(766,834)</u>
Total of funds	-	<u>7,585,726</u>	<u>(7,920,718)</u>	-	<u>(14,000)</u>	<u>(348,992)</u>

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

- (i) General Annual Grant (GAG) must be used for the normal running costs of the academy
- (ii) The other government grants fund is used to track grants provided by local and central government departments
- (iii) The pensions reserve is a restricted fund to account for the liability arising under the Local Government Pension Scheme
- (iv) The restricted fixed asset funds are carried forward to meet the specific costs of fixed asset projects and to cover the depreciation charges that will be required on these projects going forward as well as the current fixed assets held. The gross transfer from the restricted general fund to the restricted fixed asset fund of £455,842 represents the total capital expenditure from the GAG during the period

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

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**SUMMARY OF FUNDS**

	Brought Forward £	Incoming resources £	Resources Expended £	Transfers in/out £	Gains/ (Losses) £	Carried Forward £
General funds	-	417,842	-	-	-	417,842
Restricted funds	-	6,725,824	(7,896,433)	(455,842)	(14,000)	(1,640,451)
Restricted fixed asset funds	-	442,060	(24,285)	455,842	-	873,617
	-	7,585,726	(7,920,718)	-	(14,000)	(348,992)

**19 ANALYSIS OF NET ASSETS BETWEEN FUNDS**

	Unrestricted funds 2013 £	Restricted funds 2013 £	Restricted fixed asset funds 2013 £	Total funds 2013 £
Tangible fixed assets	-	-	598,617	598,617
Investment property	-	-	275,000	275,000
Current assets	417,842	457,675	-	875,517
Creditors due within one year	-	(508,126)	-	(508,126)
Provisions for liabilities and charges	-	(1,590,000)	-	(1,590,000)
	417,842	(1,640,451)	873,617	(348,992)

**20 NET CASH FLOW FROM OPERATING ACTIVITIES**

	Period ended 31 August 2013 £
Net incoming resources before revaluations	(334,992)
Returns on investments and servicing of finance	(718)
Depreciation of tangible fixed assets	24,285
Increase in debtors	(483,411)
Increase in creditors	263,293
Assets inherited on conversion	(300,287)
Pension scheme deficit on conversion	1,524,000
FRS 17 adjustments	52,000
<b>Net cash inflow from operations</b>	<b>744,170</b>

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**21. ANALYSIS OF CASH FLOWS FOR HEADINGS NETTED IN CASH FLOW STATEMENT**

	Period ended 31 August 2013 £
<b>Returns on investments and servicing of finance</b>	
Interest received	718
	<u>718</u>
	Period ended 31 August 2013 £
<b>Capital expenditure and financial investment</b>	
Purchase of tangible fixed assets	(352,785)
	<u>(352,785)</u>

**22. ANALYSIS OF CHANGES IN NET FUNDS**

	1 August 2012 £	Cash flow £	Other non-cash changes £	31 August 2013 £
Cash at bank and in hand	-	392,103	-	392,103
<b>Net funds</b>	<u>-</u>	<u>392,103</u>	<u>-</u>	<u>392,103</u>

**23. CONVERSION TO AN ACADEMY TRUST**

On 1 August 2012 St Francis Xavier's College converted to academy trust status under the Academies Act 2010 and all the operations and assets and liabilities were transferred to St Francis Xavier's College from Liverpool City Council for £NIL consideration

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

The following table sets out the fair values of the identifiable assets and liabilities transferred and an analysis of their recognition in the Statement of financial activities

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	Unrestricted funds £	Restricted funds £	Restricted fixed asset funds £	Total funds £
Tangible fixed assets				
- Freehold/leasehold land and buildings	-	-	275,000	275,000
- Other tangible fixed assets	-	-	25,288	25,288
Budget surplus on LA funds	380,866	-	-	380,866
LGPS pension deficit	-	(1,524,000)	-	(1,524,000)
Other identified assets and liabilities	-	-	29,827	29,827
Net assets/(liabilities)	<u>380,866</u>	<u>(1,524,000)</u>	<u>330,115</u>	<u>(813,019)</u>

The above net liabilities include £380,866 that were transferred as cash

The majority of the land and buildings occupied by the Academy are subject to a Supplemental Agreement between the beneficial owners (The Trustees of the Brothers of Christian Instruction) and the Secretary of State. Under this agreement the Land and Buildings are made available at no cost for the use of the Academy for the shorter of, the duration of the funding agreement or, two years notice from the beneficial owners. The Academy has assigned a notional market rent of £492,000, which has been recognised as an expense in the Statement of financial activities as a support costs, with a corresponding notional donation under voluntary income.

## 24. PENSION COMMITMENTS

The Academy's employees belong to two principal pension schemes: the Teacher's Pension Scheme for England and Wales (TPS) for academic and related staff, and the Local Government Pension Scheme (LGPS) for non-teaching staff, which is managed by Liverpool City 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 2004 and of the LGPS related to the period ended 31 August 2013.

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

### Teachers' Pension Scheme

#### Introduction

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



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**24. PENSION COMMITMENTS (continued)**

**The Teachers' Pension Budgeting and Valuation Account**

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

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

**Valuation of the Teachers' Pension Scheme**

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

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

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

**Teachers' Pension Scheme Changes**

Lord Hutton published his final report in March 2011 and made recommendations about how pensions can be made sustainable and affordable, whilst remaining fair to the workforce and the taxpayer. The Government accepted Lord Hutton's recommendations as the basis for consultation and Ministers engaged in extensive discussions with trade unions and other representative bodies on reform of the TPS. Those discussions concluded on 9 March 2012 and the Department published a Proposed Final

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**24. PENSION COMMITMENTS (continued)**

Agreement, setting out the design for a reformed TPS to be implemented from 1 April 2015

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

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

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

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

**Local Government Pension Scheme**

The LGPS is a funded defined benefit scheme, with assets held in separate trustee-administered funds. The total contribution made for the period ended 31 August 2013 was £204,240, of which employer's contributions totalled £160,288 and employees' contributions totalled £43,952. The agreed contribution rates for future years are 13% for employers and 5.5 - 12.5% for employees.

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

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

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**24. PENSION COMMITMENTS (continued)**

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

	Expected return at 31 August 2013 %	Fair value at 31 August 2013 £
Equities	7.00	238,000
Government bonds	3.40	63,000
Other bonds	4.40	11,000
Property	5.70	35,000
Cash/liquidity	0.50	8,000
Other	7.00	62,000
Total market value of assets		417,000
Present value of scheme liabilities		(2,007,000)
Deficit in the scheme		(1,590,000)

The expected rate of return on plan assets is based on market expectations, at the beginning of the period, for investment returns over the entire life of the related obligation. The assumption used is the average of the following assumptions appropriate to the individual asset classes weighted by the proportion of the assets in the particular asset class.

The assumed investment return on government bonds is the yield on 20-year fixed interest gilts at the relevant date. As at 31 August 2013 this yield was 3.4% p.a.

The actual return on scheme assets was £41,000.

The amounts recognised in the Balance sheet are as follows:

	Period ended 31 August 2013 £
Present value of funded obligations	(2,007,000)
Fair value of scheme assets	417,000
Net liability	(1,590,000)

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**24 PENSION COMMITMENTS (continued)**

The amounts recognised in the Statement of financial activities are as follows

	Period ended 31 August 2013 £
Finance costs	66,000
Scheme operating costs	(14,000)
	<hr/>
Total	52,000
	<hr/>
Actual return on scheme assets	41,000
	<hr/>

Movements in the present value of the defined benefit obligation were as follows

	Period ended 31 August 2013 £
Benefit obligation on conversion	1,664,000
Interest on pension liabilities	82,000
Actuarial losses	39,000
Member contributions	44,000
Benefits paid	32,000
Current service cost	146,000
	<hr/>
Closing defined benefit obligation	2,007,000
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**24 PENSION COMMITMENTS (continued)**

Movements in the fair value of the Academy's share of scheme assets

	Period ended 31 August 2013 £
Fair value of scheme assets on conversion	140,000
Actuarial gains and (losses)	(14,000)
Expected return on assets	16,000
Contributions by employer	160,000
Benefits paid	32,000
Further actuarial gains	39,000
Contributions by employees	44,000
	<u>417,000</u>

The cumulative amount of actuarial gains and losses recognised in the Statement of total recognised gains and losses was £14,000

The Academy expects to contribute £151,000 to its Defined benefit pension scheme in 2014

The major categories of scheme assets as a percentage of total scheme assets are as follows

	2013
Equities	56 90 %
Government bonds	15 20 %
Other bonds	2 60 %
Property	8 40 %
Cash	2 00 %
Other	14 90 %

Principal actuarial assumptions at the Balance sheet date (expressed as weighted averages)

	2013
Discount rate for scheme liabilities	4 50 %
Expected return on scheme assets at 31 August	5 89 %
Rate of increase in salaries	3 90 %
Rate of increase for pensions in payment / inflation	2 40 %
Inflation assumption (CPI)	2.40 %
Commutation of pensions to lump sums	50.00 %

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**24. PENSION COMMITMENTS (continued)**

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

	2013
Retiring today	
Males	21 8
Females	24 7
Retiring in 20 years	
Males	23 7
Females	26 6

Amounts for the current period are as follows

Defined benefit pension schemes

	2013 £
Defined benefit obligation	(2,007,000)
Scheme assets	417,000
Deficit	(1,590,000)
Experience adjustments on scheme assets	(14,000)

**Sensitivity analysis**

	+0.1% p a. discount rate £	+0 1% p.a. inflation £	1 year increase in life expectancy £
Liabilities	1,968,000	2,047,000	2,043,000
Assets	(417,000)	(417,000)	(417,000)
Deficit/(surplus)	1,551,000	1,630,000	1,626,000
Projected Service Cost for next year	135,000	142,000	141,000
Projected Expected Return on Assets for next year	(31,000)	(31,000)	(31,000)
Projected Interest Cost for next year	95,000	97,000	97,000

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**NOTES TO THE FINANCIAL STATEMENTS  
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**25 OPERATING LEASE COMMITMENTS**

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

	Land and buildings 2013 £	Other 2013 £
<b>Expiry date.</b>		
Within 1 year	-	48,590
Between 2 and 5 years	-	87,657
After more than 5 years	14,300	-
	<u>14,300</u>	<u>-</u>

Land and buildings leases expiring after more than five years will expire on 30 July 2022

As detailed in note 23, the Academy also has a non-monetary notional rent commitment in relation to the land and buildings it occupies

**26. RELATED PARTY TRANSACTIONS**

Owing to the nature of the Academy'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 governors has an interest. All transactions involving such organisations are conducted at arm's length and in accordance with the Academy's financial regulations and normal procurement procedures.

There were no related party transactions in the period

**27. CONTROLLING PARTY**

The Academy is run by the management team on a day to day basis. Strategic decisions are made by the Board of Governors. There is no ultimate controlling party.

**28 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.