



LORETTO SCHOOL LIMITED
(a company limited by guarantee)

Registered Number: SC059500
Registered Charity Number: SC013978

Report by the Governors
and Consolidated Financial Statements

For the year ended 31 August 2021



LORETTO SCHOOL LIMITED
(a company limited by guarantee)
Report by the Governors and Consolidated Financial Statements
For the year ended 31 August 2021
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LORETTO SCHOOL LIMITED
Governors' Report (incorporating Directors' Report and Strategic Report)
For the year ended 31 August 2021

The Governors submit their annual report and audited financial statements for the year ended 31 August 2021. These financial statements have been prepared in accordance with the "Accounting and Reporting by Charities" the Statement of Recommended Practice for charities applying FRS 102, current statutory requirements and the charity's governing documents. The Governors' report incorporates the Directors' Report and the Strategic Report required by the Companies Act 2006.

Constitution and objectives

The charitable objectives of the School are set out in the Articles of Association, which were registered in 2013. The principal object is the provision of education to boys and girls from ages 3 to 18 whether on a boarding or day basis. The objects have been expanded to include the advancement of citizenship and community development by providing benefit to the local community through encouraging voluntary activity, developing civic values, involvement in the local community and the provision of facilities for the local community. The objects also provide for the furtherance of similar charitable purposes, objects or institutions.

The School is incorporated as a company limited by guarantee as described in its Articles of Association and has a trading subsidiary called Loretto Enterprises Limited. These financial statements present the results of the company and the consolidated results of the group.

Loretto School was founded in 1827 by the Reverend Thomas Langhorne. In 1862 the School was purchased by Hely-Hutcheson Almond, a distinguished scholar of strong and unconventional convictions. He had no time for slavish adherence to custom or fashion but encouraged individuality of outlook, integrity and service to the community.

Since Almond died in 1903, the School has grown in size and reputation. It is small enough to allow each pupil to be known by everyone and to feel part of the community, whilst being large enough to be able to offer the widest possible range of educational, cultural and athletic opportunity.

The School aims to develop the whole person – mind, body, spirit and to foster the tripartite relationship between pupil, family and School.

Vision for School – a statement of principles

Loretto School is "a community visibly living according to the dictates of right reason" (Almond) whose pupils have character, are fit, intelligent, well-mannered and informed. A friendly school with a secure base, it offers its pupils a wide range of experiences and challenges, stretching them in many areas with the expectation that they will flourish in several. Loretto aims to educate children in mind, body and spirit in order to lead significant lives in a supportive, caring and disciplined community.

Loretto is a small school, big on heart and big on ambition. It aims to be world class.

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Recruitment and appointment, induction and training of Governors

The structure of the School consists of one governing body, the details of which and office bearers are shown on page 14. Governors are elected on a regular basis by the Board of Governors as outgoing Governors complete their term which is a maximum of ten years. The selection criteria used is based on a number of skills that the Board of Governors feel should be represented on the Board i.e. marketing, property, finance, legal, education, HR etc. New Governors are inducted through attending training courses and on an informal basis with meetings arranged with other Governors and members of the Senior Management Team. Regular informal gatherings are arranged with teaching and other staff and new Governors are encouraged to participate in school events.

Third party indemnity provision for Governors

The School has Governors and Officers' liability insurance, which provides cover against liabilities which they may incur personally as a result of claims alleging wrong doing, omission or breach of duty when acting in the capacity of Governor or Officer.

Related parties

The School carried out transactions with a number of related parties during the year.

The Loretto Foundation provides funding to the School for scholarships/bursaries and other projects. The Loretto Foundation is not a subsidiary of Loretto School limited as it has separate charitable objectives and trustees.

Governors with children attending the School are listed on page 14.

The School has a wholly owned non-charitable subsidiary, Loretto Enterprises Limited, whose principal activity is the letting of School facilities to third parties during school holiday periods. Surpluses from this activity are gifted to the School to further enhance its charitable objectives.

Loretto Enterprises Limited normally donates under a covenant all excess funds from the management and letting of School premises and facilities.

The Lamert Fund is also treated as a subsidiary of the school due to its shared trustees and similar charitable objectives.

The School has a third wholly owned non-charitable dormant subsidiary, Loretto International Ltd.

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Organisational structure and decision-making

The Board of Governors is legally responsible for school policy and the day to day operational management is delegated to the Headmaster and the Chief Operating Officer. The Board meets at least three times each year to determine and review the general strategy and policies for the School and to review its overall management and control, for which it is legally responsible. Oversight of implementation of strategies and policies has been delegated to nine committees comprising Education, Infrastructure, Finance & Revenue, Co-Curricular, Health & Safety, External Relations, Pastoral & Welfare, Strategy, and Remuneration & Nominations. These bodies meet on a regular basis.

Various operational groups and committees meet regularly throughout the School session under the leadership of the Headmaster and the Chief Operating Officer.

The pay of key management personnel is reviewed by the Remuneration and Nominations Committee on an annual basis.

Strategic Report

Risk management

As a matter of course, the School is exposed to different risks according to the nature of its business. Not all risk can be eliminated; however, in accordance with the School's risk appetite we identify and assess the risks it is exposed to and either mitigate or manage these accordingly.

Risks include (but may not be limited to) the following:

- Operational, including key persons, business continuity and fraud;
- Financial, including liquidity risk;
- Reputational, including failure to follow the charity's objectives and performance risk;
- Legal;
- Regulatory;
- Ongoing risk of COVID-19 pandemic; and
- Scottish Child Abuse Inquiry

It is inevitable that in relation to any business, risks will occur. Certain risks will be considered acceptable and some unacceptable. The School has a low appetite for risk in relation to managing its business. This is evidenced by:

- Regular discussions between Governors and the Senior Management Team on any aspect of corporate governance including on risk management and financial information including the potential impact of COVID-19;
- Adherence to documented operational and compliance procedures;
- Regular monitoring of adherence to procedures; and
- The involvement in the business of an independent external auditor.

Our comprehensive Risk Register is reviewed annually by the Board of Governors.

Of continued concern to the Board is the change to our Business Rates as a result of the removal of the charities concession following the Barclay Review. This presents a significant financial risk to the School along with the proposed increases to the employer contributions to both National Insurance and the teachers' pension scheme.

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Strategic Report (continued)

COVID-19

The Academic year 2020/21 started well, pupil numbers were in line with the post COVID budget at 500 and children were back in school, albeit with limited extra-curricular activities due to the government guidance in force at the time.

On 19 December 2020 it was announced that schools across the UK would be closed until mid-January and then on 4 January the confirmation was received that this would be until mid-February. We immediately implemented our remote learning offering for Senior and Junior School. As this was the second COVID related School closure we were in a strong position to immediately provide a comprehensive remote offering for all of our pupils. Each Lorettonian had a timetable, regular 'live' lessons and assignments to complete. The Sports Department developed a programme of physical challenges and on-line sports quizzes and there was a great deal of creativity across all departments from 'kitchen' Chemistry to drama podcasts. The school focused on ensuring the delivery of both content (the syllabus) and contact (interaction between staff and pupils).

The feedback from our parents was positive and they expressed their appreciation of the work undertaken by our staff group in challenging circumstances.

School was partially re-opened to the youngest pupils (3-8) on 22 February and then the remainder of Junior School returned on 15 March. The Senior School pupils returned after the Easter break and were in school for the Summer Term.

Once again, the closure meant that we required to provide a rebate to parents on the spring term fees and as a result of the lower income stop all non-essential spend and furlough a number of support staff. The impact of this has increased the financial pressure on the school, however by ensuring that we have taken the correct actions at the right time means that we are confident that we will recover financially in the next year.

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Governors' Report (incorporating Directors' Report and Strategic Report)
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Strategic Report (continued)

Results and review for the year

The group deficit for the year after realised and unrealised gains/losses was £13,744 (2020: deficit of £66,632). Of this, £73,436 (2020: £141,103) was an unrestricted deficit, £16,858 was a deficit in restricted funds offset by a surplus in endowment funds of £76,550.

Overall there has been a 3.3% decrease in total fee income (net of discounts, but before deducting scholarships and bursaries). A large proportion of this decrease is explained by the fee discount that we had to provide to parents in the Spring Term as a result of school being closed, however the pandemic also had an impact on our pupil numbers in the Senior School. Average Junior School pupil numbers have increased from 149 in the prior year to 152 in the current year, which is reflected in the increase in junior school income of £102k. The senior school average pupil numbers decreased from 372 in the prior year to 352 in the current year, and senior school income decreased by £534k.

Staff, sibling and forces discounts currently represent approximately 6.9% (2020: 6.7%) of gross fees for the Senior School and 13.4% (2020: 15%) for the Junior School. The level of discounts awarded in the year relative to fee income is relatively consistent in the current year for the Senior School and have reduced in the Junior School. The monetary value of discounts awarded across the whole School has been relatively flat, with £1,004k of discounts awarded (2020: £981k).

Although the majority of the School's pupils are day pupils (largely driven by the Junior School being heavily weighted towards day pupils), total fee income from boarders (including flexi-boarders) outweighs fee income from day pupils due to the fact that they generate significantly higher fee income per head. As a result of the fee reduction provided in the Summer Term as well as the reduction in pupils, boarding (including flexi-boarding) fees and day fees have decreased in the year.

Other related income remains low compared to pre Covid years due to the lack of rental income which is due to lets not taking place as a result of the COVID related government restrictions.

Income from other trading activities relates to income generated by LEL, which has increased from the prior year. The main sources of income were rental income of £27k (2020: £25k) and golf shop income £49k (2020: £60k). Intercompany sales of £20k (2020: £49k) have been eliminated on consolidation

The largest categories of expenditure across the Group in the year were wages costs of £6.6m (2020: £6.9m), bursaries and scholarships of £1.0m (2020: £1.2m), catering costs of £762k (2020: £707k), Seton Village costs of £477k (2020: £36k) heat & light costs of £330k (2020: £345k), and depreciation of £838k (2020: £1018k). There were modest further savings from the school buildings being closed in the Spring Term.

Wages continue to be by far the largest expense of the School, representing 58% of total costs (2020: 58%).

The charity's assets are available and adequate, on a fund by fund basis, to fulfil the obligations of the School.

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Strategic Report (continued)

Results and review for the year (continued)

During the year, Loretto Enterprises Limited made a gross profit of £39,923 (2020: £44,437). Under covenant the School received £33,755 (2020: £37,983), being the surplus after incurring administrative costs of £6,168 (2020: £6,454).

Within the Balance Sheet fixed assets have decreased due to depreciation of £838k outweighing additions of £185k (2020: £311k).

Outstanding fees of £388k (2020: £368k) before bad debt provisions make up the majority of the debtor balance, with prepayments of £210k (2020: £153k) at the year end. The level of outstanding fee balances at the year-end is broadly in line with the prior year.

The main creditors at the year-end are fees paid in advance & deposits of £3.43m (2020: £3.21m), trade creditors of £232k (2020: £192k), accruals of £122k (2020: £169k), PAYE and NIC of £132k (2020: £129k) and pension contributions due to be paid of £94k (2020: £101k).

The fees paid in advance & deposits balances have increased by £212k which is due in part to an increase in non-UK pupils who pay larger deposits. The advance fees balance will always be significant at the year-end due to timing, as bills for the Summer term are sent out just prior to the year-end but cannot be recognised as income until the following year.

Capital projects

Capital expenditure amounted to £185k (2020: £ 311k) and included:

- Server Upgrade
- Fire Alarm Upgrades
- Continuous upgrading of the IT and audio-visual infrastructure across the School including 75 iPad for the Junior School
- Catering Equipment
- Water Tanks required for Seton Village

Cash

The positive cash balance at 31 August 2021 was £1,521,990 compared to £1,100,358 in 2020. The increase has arisen as, although there has been a net expenditure in the year of £14k, the level of non-cash expenditure from depreciation of £838k has outweighed cash outlays on capital additions of £185k and lease repayments of £83k.

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Strategic Report (continued)

Plans for the future

The School recognises the need to meet the demands created by an increasingly challenging operating environment. We recognise the need to protect, and then increase, pupil numbers across both the Junior and Senior Schools, enabling a continuity of operational funding and healthy levels of activity throughout. The School will construct an optimised Loretto 'offer' designed to make the School as attractive as possible to current and potential parents and pupils. The School will take as agile an approach to the design of the offer as possible while remaining fully cognisant of the need to maintain an appropriate balance between the development of the offer and any financial gearing that may be required to deliver it.

As part of our routine maintenance works in late 2019 we identified some concerns with a wing of Seton Boarding House which merited scrutiny by our Chartered Structural Engineer. A full survey of the House was subsequently commissioned and it is apparent the building is approaching the end of its useful life. This presents Loretto with an opportunity to plan for a new boarding house that enhances the wellbeing and experience of our Boarders. In the interim, we have created superior modular buildings to welcome all of the Seton boys until the new permanent boarding House is constructed. This new, temporary, facility was erected in the Autumn term of 2020 and occupied from April 2021.

Reserves policy

The reserves policy considers the following principles:

- Reserves must have a specific purpose related to future spending or covering current and future risks.
- The size of the reserves should balance the benefit of current spending with the risks the reserves cover.
- They should be transparent and maintain the link with the purposes for which the income was given.
- They should ensure that sufficient resources are available so that unexpected events can be accommodated without causing current year problems, generating a deficit or cash flow issues.

Our current level of unrestricted reserves at £10,108,329 is considered sufficient to cover our needs as set out in our reserves policy. This is represented largely by fixed assets and net current liabilities. Excluding fees in advance in deposits, which will not be settled by cash outflows but by provision of services, the school has a net current assets position of £1.5m, so the overall net current liabilities position does not encumber the school's ability to meet its reserves policy.

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Strategic Report (continued)

Investment policy

Rathbones, the School's appointed discretionary fund manager, continued to manage the portfolio during the year. The opening value of the group's portfolio was £714,527 and after net acquisitions and an upturn in closing market valuation, the closing value was £815,935. The investment manager continues to follow a medium risk strategy, adopting a balanced approach to income and capital growth.

The brief for investment is an objective of targeting real growth in capital and income over the medium to longer term while also providing a reasonable level of income. The performance is benchmarked against the Wealth Management Association Balanced Performance and is assessed annually over a 5-year period.

Achievements and performance for 2021

Pupil Numbers

Pupil numbers in the Senior School have reduced a smaller Year 7 from the Junior School coming up to the Senior School as well as the impact of the COVID-19 pandemic on the International one-year student market. Average Pupil Numbers 2020/21 and 2019/20 were as follows:

2020/21	Senior School	Pre School & Junior School	Total	2019/20	Senior School	Junior School	Total
Boarding	87	1	88	Boarding	104	1	105
Day	177	151	328	Day	170	148	318
Flexi	88	0	88	Flexi	98	0	98
Total	352	152	504	Total	372	149	521

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Strategic Report (continued)

Academic results

Covid-19 resulted in exams being cancelled, so the 2021 results were based on teacher generated grades, and not actual exam papers.

GCSEs

	GCSE Grades as a % 2014 - 2021							
Grade Ranges	2021	2020	2019	2018	2017	2016	2015	2014
9-7 (A-A*)	56.7	57.7	45.7	40.3	45.4	44.8	49.7	42.6
9-4 (A*-C)	98.5	98.0	94.3	92	83.9	86.4	91.9	90.8
Total No. of Exams	668	542	512	551	379	817	752	608

All GCSE subjects have been graded from 1-9 since 2018, however in order to make a comparison over a longer period of time the table above shows the percentages for grades 9-7, which are equivalent to A* and A grades in the previous system and 9-4 which is equivalent to A*-C grades in the previous system.

The 2021 GCSE results were extremely strong with the best overall pass rate ever experienced.

As this is the fourth year where we have all results as 9-1 grades, the 2021 results are compared to the 2018, 2019 and 2020 results below:

	2021		2020		2019		2018	
Grade	Results	% Results	Results	% Results	Results	% Results	Results	% Results
9	138	20.7	102	18.8	66	12.9	73	13.2
8	118	17.7	99	18.3	63	12.3	61	11.1
7	123	18.4	112	20.7	105	20.5	88	16.0
6	120	18.0	104	19.2	111	21.7	106	19.2
5	99	14.8	72	13.3	83	16.2	114	20.7
4	60	9.0	42	7.7	55	10.7	65	11.8
3	8	1.2	8	1.5	27	5.3	34	6.2
2	1	0.1	3	0.6	2	0.4	9	1.6
1	1	0.1	0	0.0	0	0.0	1	0.2
Total	667		542		512		551	

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Strategic Report (continued)

Academic results (continued)

BTEC Enterprise & Entrepreneurship

Distinction*	Distinction	Merit
5	0	0

BTEC Sport

Distinction*	Distinction	Merit
1	7	1

Our third year of BTEC results were extremely encouraging.

A levels

	A Level Grades as a % 2014 - 2020							
Grade Ranges	2021	2020	2019	2018	2017	2016	2015	2014
A*	25.2	17.2	5.6	12.2	13.6	9.3	13.9	13.6
A*-A	60.5	44.3	23.8	36.5	39.3	32.4	38.5	40.0
A*-B	80.3	70.8	52.5	63.1	68.2	59.1	66.4	69.1
A*-C	92.5	89.6	75.0	82.7	84.6	80.4	86.1	83.2
A* -E	99.3	100.0	99.4	97.1	98.9	98.2	97.1	98.7

Pupils achieved grades that allowed 98% of candidates to secure a university place.

Extra-curricular activities

The extra-curricular aspect of school life continues to flourish, despite the Covid restrictions. Pupils play sport a minimum of three times each week, there are academic, cultural and recreational activities after lessons every day and a busy weekend activity programme open to boarders and day pupils. The Sixth Form curriculum enhancement programme includes new academic societies, there is a lecture programme and personally-tailored, career and higher education guidance. Music, drama and all expressive arts thrived, albeit sometimes in a virtual manner and pupil participation remains high.

The School has a thriving Combined Cadet Force. They engage in a wide range of activities through the Army and Navy contingents.

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Strategic Report (continued)

Sporting achievements

Sport

The academic and Sporting year 2020/2021 was dominated by Covid -19. When our pupils started the Autumn term we knew that there were likely to be restrictions during the school year after spending time in lockdown at the end of the previous school year, it certainly proved to be a very disrupted sporting calendar. Our boys and girls started with our traditional major sports of rugby and hockey. As fixtures were not allowed under the Government guidelines there was an emphasis on developing our core skills, inter house competitions and challenges were a regular theme over the Autumn term.

School life returned to online learning in January meaning that there was no opportunity for our boys to train or play any hockey fixtures and the girls were unable to pick up their Lacrosse sticks for practice or fixtures. Thankfully we returned to school as normal after the Easter break with lessons and fixtures returning. The nature of our summer sports of Tennis for the girls and Cricket for the boys meant that being socially distanced was much easier to facilitate. A near normal fixture list was resumed with fixtures against our traditional opponents. It was fantastic to see our pupils back on the field of play enjoying competing for real, the highs of victory and lessons to be learnt from defeat were quickly brought back into focus. Through some rescheduling and further relaxing of restrictions, our boys Rugby 1st team and girls Hockey 1st team were both able to play one fixture each before the end of term. These were both significant occasions as they allowed our leaving Upper 6 pupils to play one final match for Loretto and finish their time at Loretto with a positive sporting memory.

During the summer term we held a 1st team Sports dinner, previously this would have covered a number of year groups, however this year only Upper sixth pupils who had represented one of our major or minor sports were invited to attend. The guest of honour was the Paralympian Judoka, Sam Ingram, Sam shared some of the lessons he had learnt over a very successful career.

Golf

It has been another strange year due to COVID with periods of isolation and working from home. Throughout these periods our players have shown real character to continue their development and overcome any hurdles in their way. The dedication, determination and discipline shown through these challenging periods helped our players get a head start on the opposition in preparation for a busy summer term.

Eilidh H was our captain of golf for the 2020/2021 season becoming only the 2nd girl to captain the Golf Academy. Eilidh has always been a great role model and has continued to show great leadership through the year both at school and during the lockdowns. In spite of the challenges, it has been another very successful year with the team adding another National Title winning the HMC Foursomes as well as a number of very impressive individual achievements

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Strategic Report (continued)

Sporting achievements (continued)

Cricket

Competitive cricket made a welcome return in summer term after missing the 2020 season. Despite the truncated nature of the summer due to COVID-19, the school still played 25 matches from Under 9 to 1st XI. The 1st XI had the notable success of a win in the traditional fixture against MCC. This is a rare feat and has not been achieved for over 10 years.

The 1st XI also beat Stewart's Melville and Merchiston in T20 matches.

The Under 15 team had three wins in three completed fixtures.

The U14 boys started with a nail-biting one run loss to George Watson's before completing two wins in the last two fixtures.

Girl's cricket continues to grow with three girls playing across the boy's programme and reaching Scotland U15 honours.

Despite the late start and early finish to fixtures, most boys played cricket this term and it was a strong summer for the school.

Music

Despite the challenges faced through lockdown, with pupils being unable to continue with their instrumental and vocal lessons for much of the year, pupils have shown resilience and continued to produce some marvellous music as performers and composers. Some of the highlights and achievements of the year this year include Trinity Rock & Pop Exams: 8 Drummers achieved 1 Distinction, 5 Merits and 2 passes.

During the Summer, all of our F4 GCSE Music pupils took ABRSM Graded theory examinations using the new online format. Pupils all achieved outstanding results of Distinction or Merit.

Pupils once again demonstrated particular strengths in LAMDA examinations, achieving outstanding LAMDA examination results with an impressive 14 Distinctions and 3 passes.

The Rotary Young Musician of the Year competition 2021 was held over Zoom, and our pupils enjoyed the opportunity which this gave them to share performances with others.

Our talented musicians have created several Showcases celebrating their music throughout the year.

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Strategic Report (continued)

Public benefit

The School's grant-making policy is to provide educational access to boys and girls from all backgrounds. Scholarships are awarded on ability and all bursaries are means tested and reviewed annually.

The School offers means tested bursaries up to 105% of fees.

This year, awards for scholarships, bursaries and other charitable discounts amounting to £999k were made to 161 pupils. This equates to 9.3% of gross fee income (2020: £1,169k (10.5%). Of this total, 74 pupils benefited from £757k of means-tested bursaries. In addition, 87 pupils were awarded scholarships equating to £199k. In 2020/21, 3 pupils received awards and discounts that resulted in them paying no school fees.

Outreach

Loretto School is an integral part of the local community with over twenty local organisations making use of our facilities. Examples include the Compass School, Yester and the Burgh Primary Schools holding their musical productions in our theatre and our Chapel for their Easter and Christmas Services. This has again been limited in 2020/21 due to the COVID restrictions which were in place for the year, however we look forward to welcoming local organisations back to Loretto when restrictions permit.

In normal times, we also provide weekly bagpipe tuition for Loretto RC Primary School and continue to run Friday evening piping and drumming workshops for Loretto pupils along with students from Loretto RC Primary School, Kings Meadow School, Knox Academy and St David's High School. The Loretto Pipes and Drums support the annual Christmas lights parade and invite local pipers and drummers to participate. They also lead the Royal Company of Archers and local Councillors' annual parade along Musselburgh High Street.

Workshops and SQA examinations are held at our Piping and Drumming Centre of Excellence.

In addition, events are held at the School for the benefit of the local community and include the Christmas Carol Concert, Peter Wood Memorial Concert and the James Waterhouse Piano Competition.

The Burgh Primary School, Musselburgh Sea Cadets and the Hollies Day Centre make use of our minibuses free of charge.

Our 6th Form cohort provide support to Burgh Primary School and St Ann's Nursing Home.

We continue to support Fet-Lor Youth Club in Edinburgh through fund-raising initiatives. Fet-Lor was set-up as a result of an initiative of Fettes College and Loretto School some ninety years ago.

Charitable Fundraising

Pupils and staff of the School raised £4,066 for a variety of charities during the year.

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Governors

The governors who served during the year, and who have been appointed since, were:

		A	B	C	D	E	F	G	H	I	J
Peter McCutcheon	Chairman	x	x						x	x	x
Christian Bruce				x							
Rebecca Everett			x								
Kay Eyre	Resigned December 2021	x			x						
William Frain-Bell	Resigned September 2021								x		
Robert Gibson	Resigned December 2021					x			x		
Shona Gillies	Resigned December 2021		x								
Jamie Grant	Resigned September 2021	x		x							
Therese Laing	Resigned June 2021		x			x					
Timothy McCreath	Resigned October 2020				x			x			
Simon Pengelley					x	x			x	x	
Guy Stern						x					
Emma Watson Mack							x				x
Catriona Campbell	Parent – Appointed January 2021		x								
Colin Davidson	Appointed September 2021										
Phillipa Hussey	Parent – Appointed September 2021				x						
Alistair Rutherford	Appointed February 2022			x							

No remuneration was received by any of the Governors during the year.

Key to Table

- A - Finance & Revenue Committee
- B - Pastoral and Welfare Committee
- C - Infrastructure Committee
- D - Co-Curricular Committee
- E - Education Committee
- F - External Relations Committee
- G - Health and Safety Committee
- H - Strategy Committee
- I - Remuneration Committee
- J - Nominations Committee

Our personnel with delegated responsibility for the day to day running of the school are the Headmaster and Chief Operating Officer (COO):

Dr Graham Hawley BSc Hons, PhD	Headmaster
Susanne Morrison, BA (Hons), CPFA	Chief Operating Officer

Claire Watt is the Clerk to the Governors.

Remuneration is benchmarked against market via benchmarking reports and discussing with recruitment advisers at time of appointment and thereafter on an annual basis.

LORETTO SCHOOL LIMITED
Governors' Report (incorporating Directors' Report and Strategic Report)
For the year ended 31 August 2021

Statement of Governors' responsibilities

The Governors (who are also Trustees under charity law and directors of the charitable company for the purposes of company law) are responsible for preparing the Governors' Report (including the Strategic Report) and the financial statements in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

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 group and charitable company and of the incoming resources and application of resources, including the income and expenditure, of the group and charitable company 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 in the Charities SORP (FRS 102);
- make judgements and estimates that are reasonable and prudent;
- state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the group and charitable company will continue in operation.

The Governors are responsible for keeping adequate accounting records that disclose with reasonable accuracy at any time the financial position of the group and charitable company and enable them to ensure that the financial statements comply with the Companies Act 2006, the Charities and Trustee Investment (Scotland) Act 2005 and the Charities Accounts (Scotland) Regulations 2006. They are also responsible for safeguarding the assets of the group and charitable company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

Disclosure of information to Auditor

In so far as the Governors are aware:

- there is no relevant audit information of which the group's auditor is unaware; and
- the Governors 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.

Auditor

A resolution to reappoint Johnston Carmichael LLP as auditor will be put to the members at the Annual General Meeting.

Approved by the Board of Governors at its meeting on 5 April 2022 and signed on its behalf by:



Peter McCutcheon
Chairman

LORETTO SCHOOL LIMITED

Independent Auditor's Report to the Members and Trustees of Loretto School Limited

For the year ended 31 August 2021

Opinion

We have audited the financial statements of Loretto School Limited (the 'parent charitable company') and its subsidiaries (the 'group') for the year ended 31 August 2021 which comprise the group and company statement of financial activities, the group and company balance sheets, the group and company statement of cash flows and the notes to the financial statements, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 102 *The Financial Reporting Standard applicable in the UK and Republic of Ireland* (United Kingdom Generally Accepted Accounting Practice).

In our opinion the financial statements:

- give a true and fair view of the state of the group's and the parent charitable company's affairs as at 31 August 2021 and of the group's and parent charitable company's incoming resources and application of resources, including the group's and the parent charitable company's income and expenditure, for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006, the Charities and Trustee Investment (Scotland) Act 2005 and regulations 6 and 8 of the Charities Accounts (Scotland) Regulations 2006.

Basis for opinion

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

Conclusions relating to going concern

In auditing the financial statements, we have concluded that the Governors' use of the going concern basis of accounting in the preparation of the financial statements is appropriate.

Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the group and parent charitable company's ability to continue as a going concern for a period of at least twelve months from when the financial statements are authorised for issue.

Our responsibilities and the responsibilities of the Governors with respect to going concern are described in the relevant sections of this report.

Other information

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

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

We have nothing to report in this regard.

LORETTO SCHOOL LIMITED

Independent Auditor's Report to the Members and Trustees (continued)

For the year ended 31 August 2021

Opinions on other matters prescribed by the Companies Act 2006

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

- the information given in the Governors' Report, incorporating the Strategic Report and the Directors' Report prepared for the purposes of company law, for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the Strategic Report and the Directors' Report included within the Governors' Report have been prepared in accordance with applicable legal requirements.

Matters on which we are required to report by exception

In the light of our knowledge and understanding of the group and the parent charitable company and its environment obtained in the course of the audit, we have not identified material misstatements in the Governors' Report.

We have nothing to report in respect of the following matters in relation to which the Companies Act 2006 and the Charities Accounts (Scotland) Regulations 2006 require us to report to you if, in our opinion:

- the parent charitable company has not kept proper and adequate accounting records or returns adequate for our audit have not been received from branches not visited by us; or
- the parent charitable company's financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of directors' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit.

Responsibilities of trustees

As explained more fully in the Statement of Governors' Responsibilities, set out on page 15, the Governors (who are also the trustees under charity law and the directors of the parent charitable company 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, and for such internal control as the Governors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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

Auditor's responsibilities for the audit of the financial statements

We have been appointed as auditor under section 44(1)(c) of the Charities and Trustee Investment (Scotland) Act 2005 and under the Companies Act 2006 and report in accordance with regulations made under those Acts.

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

LORETTO SCHOOL LIMITED

Independent Auditor's Report to the Members and Trustees (continued)

For the year ended 31 August 2021

Auditor's responsibilities for the audit of the financial statements (continued)

Extent to which an audit is considered capable of detecting irregularities, including fraud

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above, to detect material misstatements in respect of irregularities, including fraud. The extent to which our procedures are capable of detecting irregularities, including fraud, is detailed below.

We obtained an understanding of the legal and regulatory frameworks that are applicable to the group and parent charitable company, focusing on provisions of those laws and regulations that had a direct effect on the determination of material amounts and disclosures in the financial statements. The most relevant frameworks we identified included FRS 102, the Charities SORP, the Companies Act 2006, the Charities and Trustee Investment (Scotland) Act 2005 and the Charities Accounts (Scotland) Regulations 2006.

We gained an understanding of how the group and parent charitable company are complying with these laws and regulations by making enquiries of management. We corroborated these enquiries through our review of submitted returns and board meeting minutes.

We assessed the susceptibility of the group and parent charitable company's financial statements to material misstatement, including how fraud might occur, by meeting with management to understand where it was considered there was susceptibility to fraud. This evaluation also considered how management and those charged with governance were remunerated and whether this provided an incentive for fraudulent activity.

We considered the overall control environment and how management and those charged with governance oversee the implementation and operation of controls. In areas of the financial statements where the risks were considered to be higher, we performed procedures to address each identified risk.

The following procedures were performed to provide reasonable assurance that the financial statements were free of material fraud or error:

- Reviewing minutes of meetings of those charged with governance;
- Reviewing the level of and reasoning behind the group's and parent charitable company's procurement of legal and professional services;
- Performing audit procedures over the risk of management override of controls, including testing of journal entries and other adjustments for appropriateness.

Our audit procedures were designed to respond to the risk of material misstatements in the financial statements, recognising that the risk of not detecting a material misstatement due to fraud is higher than the risk of not detecting one resulting from error, as fraud may involve intentional concealment, forgery, collusion, omission or misrepresentation. There are inherent limitations in the audit procedures performed and the further removed non-compliance with laws and regulations is from the events and transactions reflected in the financial statements, the less likely we are to become aware of it.

A further description of our responsibilities is available on the Financial Reporting Council's website at <https://www.frc.org.uk/Our-Work/Audit/Audit-and-assurance/Standards-and-guidance/Standards-and-guidance-for-auditors/Auditors-responsibilities-for-audit/Description-of-auditors-responsibilities-for-audit.aspx>. This description forms part of our auditor's report.

Use of our report

This report is made solely to the charitable company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006 and to the charitable company's trustees, as a body, in accordance with regulation 10 of the Charities Accounts (Scotland) Regulations 2006. Our audit work has been undertaken so that we might state to the charitable company's members and to the charity's trustees those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the charitable company, the charitable company's members as a body and the charity's trustees as a body, for our audit work, for this report, or for the opinions we have formed.



5 April 2022

Solomon Taylor (Senior Statutory Auditor)
for and on behalf of Johnston Carmichael LLP
Chartered Accountants
Statutory Auditor

7-11 Melville Street
Edinburgh
EH3 7PE

Johnston Carmichael LLP is eligible to act as an auditor in terms of section 1212 of the Companies Act 2006.

LORETTO SCHOOL LIMITED
Group Statement of Financial Activities
(Incorporating an Income and Expenditure Account)
For the year ended 31 August 2021

	Notes	Unrestricted funds £	Restricted funds £	Endowment Funds £	Total 2021 £	Total 2020 £ (as restated)
INCOME AND ENDOWMENTS FROM:						
Charitable activities	4	11,177,377	-	-	11,177,377	11,725,830
Investments	4	11,573	19,089	-	30,662	27,108
Other trading activities	4	56,156	-	-	56,156	37,347
Donations and legacies	4	149,697	43,473	-	193,170	153,006
Total income and endowments		11,394,803	62,562	-	11,457,365	11,943,291
EXPENDITURE ON:						
Charitable activities						
Activities in furtherance of the charity's objects - Schools and grant making	5	11,449,399	79,420	-	11,528,819	11,930,902
Raising funds	5	43,697	-	-	43,697	49,930
Total expenditure		11,493,096	79,420	-	11,572,516	11,980,832
Net gains/(losses) on investments	5	24,857	-	76,550	101,407	(29,091)
Net income/(expenditure)/net movement in funds		(73,436)	(16,858)	76,550	(13,744)	(66,632)
Reconciliation of funds:						
Fund balances brought forward at 1 September 2020		10,181,765	163,907	539,383	10,885,055	10,951,687
Fund balances carried forward at 31 August 2021		10,108,329	147,049	615,933	10,871,311	10,885,055

All the results relate to continuing activities. The notes on pages 25 to 43 form part of these financial statements.

The Statement of Financial Activities meets the Companies Act 2006 requirements for an Income and Expenditure Account.

LORETTO SCHOOL LIMITED

**Company Statement of Financial Activities
(Incorporating an Income and Expenditure Account)
For the year ended 31 August 2021**

	Notes	Unrestricted funds £	Restricted funds £	Endowment Funds £	Total 2021 £	Total 2020 £ (as restated)
INCOMING AND ENDOWMENTS FROM:						
Charitable activities	4	11,177,377	-	-	11,177,377	11,726,430
Investments	4	11,573	-	-	11,573	9,650
Donations and legacies	4	187,680	43,473	-	231,153	179,422
Total income and endowments		11,376,630	43,473	-	11,420,103	11,915,502
EXPENDITURE ON:						
Charitable activities						
Activities in furtherance of the charity's objects - Schools and grant making	5	11,469,378	63,963	-	11,533,341	11,960,261
Raising funds	5	1,317	-	-	1,317	1,270
Total expenditure		11,470,695	63,963	-	11,534,658	11,961,531
Net gains/(losses) on investments	5	24,857			24,857	(7,131)
Net income/(expenditure)/net movement in funds		(69,208)	(20,490)	-	(89,698)	(53,160)
Reconciliation of funds:						
Fund balances brought forward at 1 September 2020		10,144,783	103,652	-	10,248,435	10,301,595
Fund balances carried forward at 31 August 2021		10,075,575	83,162	-	10,158,737	10,248,435

All the results relate to continuing activities. The notes on pages 25 to 43 form part of these financial statements.

The Statement of Financial Activities meets the Companies Act 2006 requirements for an Income and Expenditure Account.

LORETTO SCHOOL LIMITED

Group Balance Sheet

As at 31 August 2021

	Notes	2021		2020	
		£	£	£	£
Fixed assets					
Tangible assets	8		12,021,150		12,674,232
Investments	9		815,935		714,527
			<u>12,837,085</u>		<u>13,388,759</u>
Current assets					
Stocks	11	42,114		45,732	
Debtors	12	681,666		442,978	
Cash at bank and in hand		<u>1,521,990</u>		<u>1,100,358</u>	
		2,245,770		1,589,068	
Creditors: Amounts falling due within one year	13	<u>(4,134,459)</u>		<u>(3,966,232)</u>	
Net current liabilities			<u>(1,888,689)</u>		<u>(2,377,164)</u>
Total assets less current liabilities			10,948,396		11,011,595
Creditors: Amounts falling due after one year	13		(77,085)		(126,540)
Net assets			<u><u>10,871,311</u></u>		<u><u>10,885,055</u></u>
The Funds of the charity					
Unrestricted funds	16		10,108,329		10,181,765
Restricted funds	16/17		147,049		163,907
Endowment funds	16		615,933		539,383
Total charity funds			<u><u>10,871,311</u></u>		<u><u>10,885,055</u></u>

The financial statements were approved and authorised for issue by the Governors and signed on their behalf on 5 April 2022



.. Peter McCutcheon, Chairman

Registered Number SC059500

The notes on pages 25 to 43 form part of these financial statements.

LORETTO SCHOOL LIMITED
Company Balance Sheet
As at 31 August 2021

	Notes	2021	2020
		£	£
Fixed assets			
Tangible assets	8	12,021,150	12,674,232
Investments	9	201,002	176,145
		<u>12,222,152</u>	<u>12,850,377</u>
Current assets			
Stocks	11	19,121	21,491
Debtors	12	681,231	436,117
Cash at bank and in hand		<u>1,472,540</u>	<u>1,071,312</u>
		2,172,892	1,528,920
Creditors: Amounts falling due within one year	13	<u>(4,159,222)</u>	<u>(4,004,322)</u>
Net current liabilities		<u>(1,986,330)</u>	<u>(2,475,402)</u>
Total assets less current liabilities		10,235,822	10,374,975
Creditors: Amounts falling due after one year	13	<u>(77,085)</u>	<u>(126,540)</u>
Net assets		<u><u>10,158,737</u></u>	<u><u>10,248,435</u></u>
The Funds of the charity			
Unrestricted funds	16/17	10,075,575	10,144,783
Restricted funds	16/17	83,162	103,652
		<u><u>10,158,737</u></u>	<u><u>10,248,435</u></u>

The financial statements were approved and authorised for issue by the Governors and signed on their behalf on 5 April 2022



Peter McCutcheon, Chairman

Registered Number SC059500

The notes on pages 25 to 43 form part of these financial statements.

LORETTO SCHOOL LIMITED
Group Statement of Cash Flows
For the year ended 31 August 2021

Group	£	2021 £	£	2020 £
Reconciliation of net income to net cash inflow				
Net income		(13,744)		(66,632)
Decrease in stocks		3,618		1,462
(Increase)/decrease in debtors		(174,333)		28,415
Increase/(decrease) in creditors		129,633		(106,254)
Net (gains)/losses on investments		(102,724)		27,841
Depreciation		838,180		1,018,124
Interest paid		170		5,120
Interest receivable		(11,573)		(9,650)
Finance lease charges		7,639		8,395
Investment manager's fees		1,317		1,250
Net cash inflow from operating activities		678,183		908,071
Investing activities				
Payments to acquire tangible fixed assets	(185,098)		(106,984)	
Investment income received	11,573		9,650	
Net cash outflow from investing activities		(173,525)		(97,334)
Financing activities				
Bank interest paid	(170)		(5,120)	
Finance lease repayments	(82,856)		(121,515)	
Net cash outflow from financing activities		(83,026)		(126,635)
Increase in cash and cash equivalents		421,632		684,192
Cash and cash equivalents at start of reporting period		1,100,358		416,166
Cash and cash equivalents at end of reporting period		<u>1,521,990</u>		<u>1,100,358</u>

Analysis of changes in net debt

	At 1 Sept 2020 £	Cashflows £	New finance leases £	Other non- cash changes £	At 31 Aug 2021
Cash	1,100,358	421,632	-	-	1,521,990
Finance lease obligations	(204,442)	75,217	-	-	(129,225)
Total	<u>895,916</u>	<u>496,849</u>	<u>0</u>	<u>-</u>	<u>1,392,765</u>

The notes on pages 25 to 43 form part of these financial statements.

LORETTO SCHOOL LIMITED
Company Statement of Cash Flows
For the year ended 31 August 2021

Company	£	2021 £	£	2020 £
Reconciliation of net income to net cash inflow from operating activities				
Net income		(89,698)		(53,160)
Decrease/(increase) in stocks		2,370		(2,576)
Decrease/(increase) in debtors		(245,114)		(32,632)
Increase in creditors		180,662		20,578
Net (gains)/losses on investments		(26,174)		5,881
Depreciation		838,180		1,018,124
Interest paid		170		5,120
Interest receivable		(11,573)		(9,650)
Finance lease charges		7,639		8,395
Investment manager's fees		1,317		1,250
Net cash inflow from operating activities		657,779		961,330
Investing activities				
Payments to acquire tangible fixed assets	(185,098)		(106,894)	
Investment income received	11,573		9,650	
Net cash outflow from investing activities		(173,525)		(97,244)
Financing activities				
Bank interest paid	(170)		(5,120)	
Finance lease payments	(82,856)		(121,515)	
Net cash outflow from financing activities		(83,026)		(126,635)
Increase in cash and cash equivalents		401,228		737,451
Cash and cash equivalents at start of reporting period		1,071,312		333,861
Cash and cash equivalents at end of reporting period		1,472,540		1,071,312

Analysis of changes in net debt

	At 1 Sept 2020 £	Cashflows £	New finance leases £	Other non-cash changes £	At 31 Aug 2021 £
Cash	1,071,312	401,228	-	-	1,472,540
Finance lease obligations	(204,442)	75,217	-	-	(129,225)
Total	866,870	476,445	-	-	1,343,315

The notes on pages 25 to 43 form part of these financial statements.

LORETTO SCHOOL LIMITED
Notes to the Consolidated Financial Statements
For the year ended 31 August 2021

1. Accounting policies

Charity Information

Loretto School Limited is a charitable company limited by guarantee, registered in Scotland. The registered office is noted on page 1. The nature of the Group's operations and principal activities are set out within the Governors' Report.

Basis of preparation

The financial statements have been prepared under the historical cost convention, modified for fair value as appropriate, and are in accordance with FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland" ("FRS 102") and "Accounting and Reporting by Charities": Statement of Recommended Practice applicable to charities preparing their accounts in accordance with FRS 102 ("SORP (FRS 102)"). The financial statements have also been prepared in accordance with the Charities Accounts (Scotland) Regulations 2006 and the Charities and Trustee Investment (Scotland) Act 2005. The School has availed itself of s396 of the Companies Act 2006, as permitted by paragraph 4(1) of Schedule 1 of SI 2008 No 409, and adapted the Companies Act formats to reflect the specific nature of its activities. The School is a Public Benefit Entity as defined by FRS 102.

The accounts are prepared in sterling, which is the functional currency of the Group. Monetary amounts in these financial statements are rounded to the nearest £.

The accounts have been prepared on a going concern basis. The principal accounting policies adopted are set out below. These policies have been consistently applied to all years presented unless otherwise stated.

The School is a qualifying entity for the purposes of FRS 102 and has taken exemptions in its individual financial statements from the disclosure requirements of Section 11 'Basic Financial Instruments' and Section 12 'Other Financial Instruments Issues' - Carrying amounts, interest income/expense and net gains/losses for each category of financial instrument; and basis of determining fair values.

Consolidation

The consolidated financial statements incorporate those of Loretto School Limited and all its subsidiaries (i.e. entities that the Group controls through its power to govern the financial and operating policies so as to gain economic benefits). All financial statements are made up to 31 August 2020. All intra-group transactions and balances are eliminated on consolidation.

Going concern

The Board of Governors have considered the position regarding resources to continue in operational existence for at least the next twelve months following the impact of the coronavirus pandemic. The Board have reviewed sensitised cash flows and financial models prepared by the Management Team and, based upon this, the Board are confident that the Group has adequate resources to continue for at least the next twelve months with no material uncertainty. Thus the Governors continue to adopt the going concern basis of accounting in preparing the financial statements.

Stocks

Stocks are stated at the lower of cost and net realisable value.

Fixed assets

Tangible fixed assets are stated at cost less accumulated depreciation.

Expenditure on tangible fixed assets is capitalised on initial recognition. Subsequent expenditure is only capitalised when it is probable that there will be future economic benefits attributable to the item.

LORETTO SCHOOL LIMITED
Notes to the Consolidated Financial Statements - continued
For the year ended 31 August 2021

1. Accounting policies - continued

Depreciation

Depreciation is provided to write off the cost less the estimated residual value of tangible fixed assets, by equal instalments over their estimated useful economic lives as follows:

Buildings	10 to 50 years
Plant & equipment	5 to 20 years
Motor vehicles	3 to 5 years
Driveways & synthetic surfaces	10 years
Furniture & fittings	5 to 10 years
IT equipment & software	3 to 10 years

No depreciation is charged on land or the buildings at Pinkie as in the opinion of the Governors, the buildings are maintained to a standard such that depreciation would be immaterial. This is contrary to the Companies Act 2006 but in the opinion of the Governors is necessary for the financial statements to show a true and fair view. No depreciation is charged on assets under construction until they become available for use.

Impairment of fixed assets

At each reporting end date, the Group reviews the carrying amounts of its tangible assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss, if any.

Recoverable amount is the higher of fair value less costs to sell and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset for which the estimates of future cash flows have not been adjusted.

If the recoverable amount of an asset is estimated to be less than its carrying amount, the carrying amount of the asset is reduced to its recoverable amount. An impairment loss is recognised immediately in income and expenditure for the year, unless the relevant asset is carried at a revalued amount, in which case the impairment loss is treated as a revaluation decrease.

Recognised impairment losses are reversed if, and only if, the reasons for the impairment loss have ceased to apply. Where an impairment loss subsequently reverses, the carrying amount of the asset is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset in prior years. A reversal of an impairment loss is recognised in income and expenditure, unless the relevant asset is carried at a revalued amount, in which case the reversal of the impairment loss is treated as a revaluation increase.

Cash and cash equivalents

Cash and cash equivalents include cash in hand, deposits held at call with banks, and other short-term liquid investments with original maturities of three months or less, and bank overdrafts. Bank overdrafts are shown within borrowings in current liabilities.

Financial Instruments

The Group has elected to apply the provisions of Section 11 'Basic Financial Instruments' and Section 12 'Other Financial Instruments Issues' of FRS 102 to all of its financial instruments.

Financial instruments are recognised in the Group's statement of financial position when the Group becomes party to the contractual provisions of the instrument.

LORETTO SCHOOL LIMITED

Notes to the Consolidated Financial Statements - continued

For the year ended 31 August 2021

1. Accounting policies - continued

Financial instruments (continued)

Financial assets and liabilities are offset, with the net amounts presented in the financial statements, when there is a legally enforceable right to set off the recognised amounts and there is an intention to settle on a net basis or to realise the asset and settle the liability simultaneously.

Basic financial instruments

Basic financial assets, which include trade and other receivables and cash and bank balances, are initially measured at transaction price including transaction costs and are subsequently carried at amortised cost using the effective interest method unless the arrangement constitutes a financing transaction, where the transaction is measured at the present value of the future receipts discounted at a market rate of interest.

Impairment of financial instruments

Financial assets, other than those held at fair value through income and expenditure, are assessed for indicators of impairment at each reporting end date.

Financial assets are impaired where there is objective evidence that, as a result of one or more events that occurred after the initial recognition of the financial asset, the estimated future cash flows have been affected. If an asset is impaired, the impairment loss is the difference between the carrying amount and the present value of the estimated cash flows discounted at the asset's original effective interest rate. The impairment loss is recognised in income and expenditure.

If there is a decrease in the impairment loss arising from an event occurring after the impairment was recognised, the impairment is reversed. The reversal is such that the current carrying amount does not exceed what the carrying amount would have been, had the impairment not previously been recognised. The impairment reversal is recognised in income and expenditure.

Derecognition of financial assets

Financial assets are derecognised only when the contractual rights to the cash flows from the asset expire or are settled, or when the company transfers the financial asset and substantially all the risks and rewards of ownership to another entity, or if some significant risks and rewards of ownership are retained but control of the asset has transferred to another party that is able to sell the asset in its entirety to an unrelated third party.

Classification of financial liabilities

Financial liabilities and equity instruments are classified according to the substance of the contractual arrangements entered into. An equity instrument is any contract that evidences a residual interest in the assets of the company after deducting all of its liabilities.

Basic financial liabilities

Basic financial liabilities, including trade and other payables that are classified as debt, are initially recognised at transaction price unless the arrangement constitutes a financing transaction, where the debt instrument is measured at the present value of the future receipts discounted at a market rate of interest.

Debt instruments are subsequently carried at amortised cost, using the effective interest rate method.

Trade payables are obligations to pay for goods or services that have been acquired in the ordinary course of business from suppliers. Accounts payable are classified as current liabilities if payment is due within one year or less. If not, they are presented as non-current liabilities. Trade payables are recognised initially at transaction price and subsequently measured at amortised cost using the effective interest method.

Derecognition of financial liabilities

Financial liabilities are derecognised when the Group's contractual obligations expire or are discharged or cancelled.

Investments

Listed investments are included in the balance sheet at fair value (determined by reference to published market prices) and investments in subsidiaries are shown at cost in the Company's individual financial statements. Realised and unrealised gains and losses are recognised in net income and expenditure in the year in which they arise.

LORETTO SCHOOL LIMITED
Notes to the Consolidated Financial Statements - continued
For the year ended 31 August 2021

1. Accounting policies - continued

Investment income

Investment income is recognised in income and expenditure in the year in which it arises.

VAT

The School is registered for VAT. Irrecoverable VAT is charged to the Statement of Financial Activities.

Taxation

The School has been granted charitable status by HMRC and is not therefore liable for corporation tax on charitable income and gains.

Income

Income is recognised when there is probability of receipt, entitlement of funds and can be measured with sufficient reliability. Fees paid in advance are held on the balance sheet as a creditor and recognised in the period to which they relate.

Income represents the total invoice value, excluding value added tax, of fees rendered and income received to cover activities during the year. Income from charitable activities is shown gross of discretionary awards i.e. bursaries and scholarships. Bursaries and scholarships are shown separately as a cost.

Income from charitable activities includes grant income from the Government's Coronavirus Job Retention Scheme, which is recognised in the period of employment to which it relates.

Donations, grants and legacies are recognised when the Group's entitlement to the income is probable and the amount can be reliably measured. For legacies, this is generally the earlier of the school being notified of an impending distribution or the legacy being received. On occasion, legacies will be notified to the school but with the amount not being able to be reliably measured. In these circumstances, the legacy is recognised when the amount becomes reliably measureable. Donations, grants and legacies subject to specific wishes of the donors are allocated to the relevant restricted funds or to endowment funds where the amount is required to be held as permanent capital. Donations, grants and legacies received for the general purposes of the school are allocated to unrestricted funds.

Income from other trading activities relates to the rental, letting and golf academy income of the trading subsidiary.

Gift aid donations received from Loretto Enterprises, a subsidiary company, are treated as income in the period in which they are received.

Expenditure

Expenditure is recognised on an accruals basis when there is a legal or constructive obligation. Where possible, expenditure has been charged directly to charitable expenditure.

Expenditure on raising funds includes financing costs and trading costs of the subsidiary.

Charitable expenditure comprises those costs incurred by the Group in the delivery of its activities and services for its beneficiaries.

Governance costs, which are included within charitable expenditure, include those costs associated with meeting the constitutional and statutory requirements of the charity.

Leases

Leases are classified as finance leases whenever the terms of the lease transfer substantially all the risks and rewards of ownership to the lessee. All other leases are classified as operating leases.

Finance leases

Assets held under finance leases are capitalised in the balance sheet and depreciated over their expected useful lives. The interest element of leasing payments represents a constant proportion of the capital balance outstanding and is charged to income and expenditure over the period of the lease.

Operating leases

The annual rentals for operating leases are charged to the income and expenditure account on a straight line basis over the lease term.

LORETTO SCHOOL LIMITED
Notes to the Consolidated Financial Statements - continued
For the year ended 31 August 2021

1. Accounting policies - continued

Scholarship and other trust funds

Scholarship and other trust funds are held by the company either in its own right or as trustee. These funds are included within unrestricted funds.

Gifts in kind

Properties, investments and other fixed assets donated to the Group are included as donation income at market value at the time of receipt.

Grants expenditure

Unconditional grants are charged to income and expenditure in the year when the offer is conveyed to the recipient.

Employee Benefits

The cost of any unused holiday entitlement is recognised in the period in which the employee's services are received. Termination benefits are recognised immediately as an expense when the Group is demonstrably committed to terminate the employment of an employee or to provide termination benefits.

Pensions

Teaching staff are members of the Scottish Public Pensions Agency (SPPA) scheme which provides benefits based on final pensionable pay. The scheme is unfunded and it is not possible to identify the assets and liabilities of the scheme which are attributable to the Group. In accordance with FRS 102, the scheme is therefore accounted for as a defined contribution scheme and pension costs are charged to income and expenditure in the period to which the contributions relate.

Non-teaching staff are entitled to participate in a Stakeholder scheme. Pension costs are charged to income and expenditure in the period to which contributions relate.

2. Judgements and key sources of estimation uncertainty

In the application of the Group's accounting policies, the Governors are required to make judgements, estimates and assumptions about the carrying amount of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised where the revision affects only that period, or in the period of the revision and future periods where the revision affects both current and future periods.

The following judgements or estimation uncertainties have a significant effect on amounts recognised in the financial statements:

Bad debt provision

Management judges the recoverability of debtors and makes a provision where the debt is not expected to be recovered. Details of the bad debt provision in the period are in note 12.

Depreciation rates

Depreciation is calculated to fully write off the cost of assets over their estimated useful life. Management estimate the useful life of each asset. Details of the depreciation charged in the period are in note 8.

LORETTO SCHOOL LIMITED

Notes to the Consolidated Financial Statements - continued

For the year ended 31 August 2021

3. Surplus/(deficit) for the year is stated after charging:

	Group 2021 £	Company 2021 £	Group 2020 £	Company 2020 £
Auditor's remuneration (audit)	25,600	20,500	21,250	16,250
Auditor's remuneration (other services)	6,250	4,750	6,000	4,500
Depreciation	838,180	838,180	1,018,124	1,018,124
Staff costs	6,622,930	6,622,930	6,892,761	6,892,761
Finance lease charges	7,639	7,639	8,395	8,395

4. Income and endowments

	Group 2021 £	Company 2021 £	Group 2020 £	Company 2020 £
			(as restated)	(as restated)
Charitable activities:				
Fee income	10,752,179	10,752,179	11,117,218	11,117,218
Government grants (Coronavirus Job Retention Scheme)	364,710	364,710	523,066	523,066
Other related income	60,488	60,488	85,546	86,146
Total charitable activities	11,177,377	11,177,377	11,725,830	11,726,430
Investments	30,662	11,573	27,108	9,650
Other trading activities	56,156	-	37,347	-
Donations and legacies	193,170	231,153	153,006	179,422
	11,457,365	11,420,103	11,943,291	11,915,502

Group:

All amounts included above were attributable to unrestricted funds except for £43,473 (2020: £127,000) of donations and for £19,089 (2020: £17,458) of investment income which was restricted.

Company:

All amounts included above were attributable to unrestricted funds except for £43,473 (2020: £127,000) of donations which was restricted.

Group and Company:

Comparative amounts have been restated to reclassify £523,066 of Government Grants (Coronavirus Job Retention Scheme) to Income from Charitable Activities instead of Income from Donations and Legacies.

LORETTO SCHOOL LIMITED
Notes to the Consolidated Financial Statements - continued
For the year ended 31 August 2021

5. Analysis of total expenditure and gains on investments

Group	Staff costs £	Other costs £	Depreciation £	Total 2021 £	2020 £
Raising funds:					
Financing costs	-	1,317	-	1,317	1,270
Trading costs of subsidiary	-	42,380	-	42,380	48,660
	<u>-</u>	<u>43,697</u>	<u>-</u>	<u>43,697</u>	<u>49,930</u>
Charitable activities:					
Schools and grant-making:					
Teaching	4,922,776	325,132	-	5,247,908	5,589,639
Welfare	604,385	1,267,373	-	1,871,758	1,854,233
Premises	430,153	1,052,940	-	1,483,093	1,001,660
Support costs of schooling	665,616	390,579	838,180	1,894,375	2,288,776
Governance costs	-	32,700	-	32,700	27,300
School's operating costs	<u>6,622,930</u>	<u>3,068,724</u>	<u>838,180</u>	<u>10,529,834</u>	<u>10,761,608</u>
Grants, awards and prizes	-	998,985	-	998,985	1,169,294
Total	<u><u>6,622,930</u></u>	<u><u>4,067,709</u></u>	<u><u>838,180</u></u>	<u><u>11,528,819</u></u>	<u><u>11,930,902</u></u>

Other costs for the support of schooling are made up of £194,969 administration costs, £144,107 in marketing and admission costs and a £51,503 in bad debt and finance costs.

Governance costs include audit fees and travel and expenses claims by Governors.

Grants, awards and prizes consists of bursaries, scholarships and prizes awarded to pupils.

All amounts above were attributable to unrestricted funds except for £79,420 (2020: £47,537) of expenditure on charitable activities which related to restricted funds.

Of the £29,091 net losses on investments in the prior year, £7,131 was unrestricted and £21,960 was restricted.

LORETTO SCHOOL LIMITED
Notes to the Consolidated Financial Statements - continued
For the year ended 31 August 2021

**5. Analysis of total expenditure
(continued)**

Company	Staff costs £	Other costs £	Depreciation £	Total 2021 £	2020 £
Raising funds:					
Financing costs	-	1,317	-	1,317	1,270
	<u>-</u>	<u>1,317</u>	<u>-</u>	<u>1,317</u>	<u>1,270</u>
Charitable activities:					
Schools and grant-making:					
Teaching	4,922,776	325,132	-	5,247,908	5,589,639
Welfare	604,385	1,267,373	-	1,871,758	1,854,233
Premises	430,153	1,052,940	-	1,483,093	1,001,660
Support costs of schooling	665,616	395,101	838,180	1,898,897	2,318,135
Governance costs	-	32,700	-	32,700	27,300
	<u>6,622,930</u>	<u>3,073,246</u>	<u>838,180</u>	<u>10,534,356</u>	<u>10,790,967</u>
School's operating costs					
Grants, awards and prizes	-	998,985	-	998,985	1,169,294
	<u>-</u>	<u>998,985</u>	<u>-</u>	<u>998,985</u>	<u>1,169,294</u>
Total	<u><u>6,622,930</u></u>	<u><u>4,072,231</u></u>	<u><u>838,180</u></u>	<u><u>11,533,341</u></u>	<u><u>11,960,261</u></u>

Other costs for the support of schooling are made up of £199,491 administration costs, £144,107 in marketing and admission costs and a £51,503 in bad debt and finance costs.

Governance costs include audit fees and travel and expenses claims by Governors.

Grants, awards and prizes consists of bursaries, scholarships and prizes awarded to pupils.

All amounts above were attributable to unrestricted funds except for £63,963 (2020: £27,000) of expenditure on charitable activities which related to restricted funds.

All of the Company's gains and losses on investments in the current and prior year were unrestricted.

LORETTO SCHOOL LIMITED
Notes to the Consolidated Financial Statements - continued
For the year ended 31 August 2021

6. Staff costs	Group & Company 2021 £	Group & Company 2020 £
Salaries	5,175,475	5,506,791
Social security costs	499,396	519,727
Other pension costs	834,165	839,647
Redundancy and severance costs	56,170	3,250
Agency staff costs	46,193	11,097
Apprenticeship levy	11,531	12,249
	<u>6,622,930</u>	<u>6,892,761</u>

The average monthly numbers of persons employed by the Company during the year was as follows:-	Group & Company 2021 Number	Group & Company 2020 Number
Teachers	104	108
Administration, cleaning and clerical	79	83
Ground staff and maintenance	17	17
	<u>200</u>	<u>208</u>

The following employees received remuneration during the year greater than £60,000:

	Group & Company 2021 Number	Group & Company 2020 Number
£60,000 - £69,999	1	1
£80,000 - £89,999	1	1
£110,000 - £119,999	1	1
	<u>3</u>	<u>3</u>
Pension costs for these employees	<u>48,144</u>	<u>46,631</u>

	Group & Company 2021 £	Group & Company 2020 £
Remuneration of key management personnel, including Employers' NI and Employers' pension	<u>352,668</u>	<u>342,642</u>

Governors' remuneration and travelling expenses

No Governors received any remuneration or expenses in either year.

7. Taxation

No provision for corporation tax has been made as the School has charitable status for taxation purposes.

LORETTO SCHOOL LIMITED
Notes to the Consolidated Financial Statements - continued
For the year ended 31 August 2021

8. Tangible fixed assets - Group and Company

Cost	Land & buildings £	Motor Vehicles £	Plant & equip. £	Furniture & fittings £	IT equipment & software £	Total £
As at 1 September 2020	17,642,177	505,118	1,959,082	1,265,091	1,151,228	22,522,696
Additions	6,464	-	18,368		160,266	185,098
Disposals	-	-	-	-	-	-
As at 31 August 2021	<u>17,648,641</u>	<u>505,118</u>	<u>1,977,450</u>	<u>1,265,091</u>	<u>1,311,494</u>	<u>22,707,794</u>
Accumulated depreciation						
As at 1 September 2020	6,374,594	453,925	1,147,637	848,237	1,024,071	9,848,464
Charge for the year	476,467	17,064	102,962	113,877	127,810	838,180
Disposals for the year	-	-	-	-	-	-
As at 31 August 2021	<u>6,851,061</u>	<u>470,989</u>	<u>1,250,599</u>	<u>962,114</u>	<u>1,151,881</u>	<u>10,686,644</u>
Net book value						
As at 31 August 2021	<u>10,797,580</u>	<u>34,129</u>	<u>726,851</u>	<u>302,977</u>	<u>159,613</u>	<u>12,021,150</u>
As at 31 August 2020	<u>11,267,583</u>	<u>51,193</u>	<u>811,445</u>	<u>416,854</u>	<u>127,157</u>	<u>12,674,232</u>

As at 31 August 2021 land had a net book value of £1,643,100 and Pinkie buildings had a net book value of £1,205,261. No depreciation was charged on these assets.

The net book value of leased assets is £189,532 (2020: £264,370) and depreciation of £74,838 (2020: £95,347) was charged during the year in respect of these assets.

All land and buildings are freehold.

LORETTO SCHOOL LIMITED
Notes to the Consolidated Financial Statements - continued
For the year ended 31 August 2021

9. Investments

	Group 2021 £	Group 2020 £
Market value at 1 September 2020	687,848	730,703
Acquisitions at cost	74,459	53,712
Disposals at opening market value	(69,628)	(74,239)
Unrealised gains/(losses) on revaluation	102,956	(22,328)
	<hr/>	<hr/>
Market value at 31 August 2021	795,635	687,848
Cash held by Rathbones at 31 August 2021	20,300	26,679
Total market value at 31 August 2021	<hr/> 815,935 <hr/>	<hr/> 714,527 <hr/>
	<hr/>	<hr/>
	Company 2021 £	Company 2020 £
Market value at 1 September 2020	169,650	178,880
Acquisitions at cost	18,251	13,075
Disposals at opening market value	(17,067)	(18,073)
Unrealised gains/(losses) on revaluation	25,193	(4,232)
	<hr/>	<hr/>
Market value at 31 August 2021	196,027	169,650
Cash held by Rathbones at 31 August 2021	4,975	6,495
Total market value at 31 August 2021	<hr/> 201,002 <hr/>	<hr/> 176,145 <hr/>

The investments comprise Government Stocks, Equities and Investment Trusts on UK stock exchanges, and were re-valued at 31 August 2021 by reference to readily available market prices. The revaluation was carried out by Rathbones Investment Management Limited. The investments include £1,000 invested in a subsidiary, held at cost (note 10).

LORETTO SCHOOL LIMITED
Notes to the Consolidated Financial Statements - continued
For the year ended 31 August 2021

10. Investment in subsidiary

	Company 2021 £	Company 2020 £
Shares in Loretto Enterprises Limited (company number SC098762)	1,000	1,000

Loretto School Limited holds directly 999 of the 1000 ordinary shares in Loretto Enterprises Limited. The last one is held in trust by Claire Watt, Company Secretary, on behalf of the School, giving the School 100% control.

Loretto Enterprises Limited's registered office is the same as the School (1-7 Linkfield Road, Musselburgh EH21 7RE).

At 31 August 2021 the results of Loretto Enterprises are summarised as:-

	2021 £	2020 £
Turnover	76,135	87,243
Cost of sales	(36,212)	(42,806)
Gross Profit	39,923	44,437
Administrative Expenses	(6,168)	(6,454)
Profit on ordinary activities before taxation	33,755	37,983
Gift aid donations to parent charity treated as dividends paid	(37,983)	(26,416)
Retained profit/(loss) for the year	(4,228)	11,567
Current assets		
Stock of items for resale	22,993	24,241
Debtors	435	6,861
Cash at bank and in hand	49,450	29,046
	72,878	60,148
Creditors: amounts falling due within one year	(39,123)	(22,165)
Net Assets	33,755	37,983

In addition, the School has control of, and shares charitable objectives with, the SS Lamert Scholarship & Bursary Fund (charity number SC039627) and this charity is therefore considered to be a subsidiary of the School. At 31 August 2021 the SS Lamert Scholarship & Bursary Fund had net income of £80,183 (2020: net expenses of £25,039) and net funds of £679,820 (2020: £599,637).

11. Stock

	Group 2021 £	Company 2021 £	Group 2020 £	Company 2020 £
Goods for own consumption	13,057	13,057	18,525	18,525
Goods for resale	29,057	6,064	27,207	2,966
	42,114	19,121	45,732	21,491

12. Debtors

	Group 2021 £	Company 2021 £	Group 2020 £	Company 2020 £
Fee debtors	387,906	387,906	368,156	368,156
Provision for doubtful debts	(162,000)	(162,000)	(125,000)	(125,000)
Other debtors	222,956	222,521	25,355	18,494
Prepayments	210,412	210,412	153,655	153,655
Amounts due from related parties	22,392	22,392	20,812	20,812
	681,666	681,231	442,978	436,117

LORETTO SCHOOL LIMITED
Notes to the Consolidated Financial Statements - continued
For the year ended 31 August 2021

13. Creditors: Amounts falling due within one year

	Group 2021 £	Company 2021 £	Group 2020 £	Company 2020 £
Fees and deposits in advance	3,425,690	3,425,690	3,213,742	3,213,742
Other creditors and accruals	523,741	480,945	542,980	518,344
Amounts owing to group undertakings	-	69,287	-	64,355
Social security and other taxes	132,888	131,160	131,608	129,979
Finance lease creditor	52,140	52,140	77,902	77,902
	<u>4,134,459</u>	<u>4,159,222</u>	<u>3,966,232</u>	<u>4,004,322</u>

A bond and floating charge have been granted over all of the assets of the company in relation to the overdraft facility. Standard securities have been granted over certain land and buildings held by the school with a carrying value of approximately £3.8m.

**Fees and deposits in advance
Group & Company**

	At 1 September 2020 £	Income Released £	Income Deferred £	At 31 August 2021 £
Fees in Advance	2,223,808	(1,877,072)	1,922,778	2,269,514
Pupil Deposits	977,474	(338,605)	504,847	1,143,716
Activity Deposits	12,460	-	-	12,460
	<u>3,213,742</u>	<u>(2,215,677)</u>	<u>2,427,625</u>	<u>3,425,690</u>

Creditors: Amounts falling due after one year

	Group 2021 £	Company 2021 £	Group 2020 £	Company 2020 £
Finance lease creditor	77,085	77,085	126,540	126,540
	<u>77,085</u>	<u>77,085</u>	<u>126,540</u>	<u>126,540</u>

Finance lease creditors are secured on the assets to which they relate, have an average interest rate of 7% and an average term of 4 years.

LORETTO SCHOOL LIMITED
Notes to the Consolidated Financial Statements - continued
For the year ended 31 August 2021

14. Financial instruments

The following assets are carried at fair value through income and expenditure.

Group

	2021	2020
	£	£
Investments	<u>815,935</u>	<u>714,527</u>

Fair value

Investments are measured at fair value through income and expenditure. Fair value is determined by reference to quoted market prices in active markets and is not subject to any valuation techniques.

Financial risk management

The Group has exposure to the following risks arising from financial instruments measured at fair value through income and expenditure:

Market Risk

Market risk is the risk that changes in market prices, such as equity prices, will affect the Group's income or the value of its investment holdings. The objective of market risk management is to manage and control market risk exposures within acceptable parameters, while optimising the return.

The company's policy is to ensure that its investment portfolio is diversified and actively managed by external professional investment managers.

LORETTO SCHOOL LIMITED
Notes to the Consolidated Financial Statements - continued
For the year ended 31 August 2021

15. Analysis of net assets between funds

Group

At 31 August 2021	Unrestricted funds £	Restricted funds £	Endowment funds £	Total funds £
Fund balances are represented by:				
Tangible fixed assets	12,021,150	-	-	12,021,150
Investments	200,002	-	615,933	815,935
Current assets	2,098,721	147,049	-	2,245,770
Current liabilities	(4,134,459)	-	-	(4,134,459)
Long term liabilities	(77,085)	-	-	(77,085)
	<u>10,108,329</u>	<u>147,049</u>	<u>615,933</u>	<u>10,871,311</u>
At 31 August 2020	Unrestricted funds £	Restricted funds £	Endowment funds £	Total funds £
Fund balances are represented by:				
Tangible fixed assets	12,674,232	-	-	12,674,232
Investments	175,144	-	539,383	714,527
Current assets	1,425,161	163,907	-	1,589,068
Current liabilities	(3,966,232)	-	-	(3,966,232)
Long term liabilities	(126,540)	-	-	(126,540)
	<u>10,181,765</u>	<u>163,907</u>	<u>539,383</u>	<u>10,885,055</u>

LORETTO SCHOOL LIMITED
Notes to the Consolidated Financial Statements - continued
For the year ended 31 August 2021

15. Analysis of net assets between funds (continued)

Company

At 31 August 2021

	Unrestricted Funds £	Restricted Funds £	Endowment funds £	Total funds £
Fund balances are represented by:				
Tangible fixed assets	12,021,150	-	-	12,021,150
Investments	201,002	-	-	201,002
Current assets	2,089,730	83,162	-	2,172,892
Current liabilities	(4,159,222)	-	-	(4,159,222)
Long term liabilities	(77,085)	-	-	(77,085)
	<u>10,075,575</u>	<u>83,162</u>	<u>-</u>	<u>10,158,737</u>

At 31 August 2020

	Unrestricted Funds £	Restricted Funds £	Endowment funds £	Total funds £
Fund balances are represented by:				
Tangible fixed assets	12,674,232	-	-	12,674,232
Investments	176,145	-	-	176,145
Current assets	1,425,268	103,652	-	1,528,920
Current liabilities	(4,004,322)	-	-	(4,004,322)
Long term liabilities	(126,540)	-	-	(126,540)
	<u>10,144,783</u>	<u>103,652</u>	<u>-</u>	<u>10,248,435</u>

16. Reconciliation of movement in funds

Group

	At 1 Sept 2020 £	Income £	Expenditure £	Investment gains & (losses) £	At 31 Aug 2021 £
Unrestricted funds	10,181,765	11,394,803	(11,493,096)	24,857	10,108,329
Restricted funds (note 17)	163,907	62,562	(79,420)	-	147,049
Endowment funds	539,383	-	-	76,550	615,933
	<u>10,885,055</u>	<u>11,457,365</u>	<u>(11,572,516)</u>	<u>101,407</u>	<u>10,871,311</u>

Company

	At 1 Sept 2020 £	Income £	Expenditure £	Investment gains & (losses) £	At 31 Aug 2021 £
Unrestricted funds	10,144,783	11,376,630	(11,470,695)	24,857	10,075,575
Restricted funds (note 17)	103,652	43,473	(63,963)	-	83,162
	<u>10,248,435</u>	<u>11,420,103</u>	<u>(11,534,658)</u>	<u>24,857</u>	<u>10,158,737</u>

Unrestricted funds are free to be used in accordance with the charitable objectives of the School. Endowment funds represent permanent funds of the School's subsidiary charity, The SS Lamert Scholarship & Bursary Fund. These are invested to provide incomes for bursaries and grants for former pupils in higher education.

LORETTO SCHOOL LIMITED
Notes to the Consolidated Financial Statements - continued
For the Year ended 31 August 2021

17. Restricted Funds

For the year ended 31 August 2021

Group	Balance at 1 Sep 2020	Income	Expenditure	Gains & (Losses)	Balance at 31 Aug 2021
<u>Restricted</u>	£	£	£	£	£
Bursaries	100,000	13,473	(63,963)	-	49,510
Loretto Innovation Prize Fund	-	30,000	-	-	30,000
Paragolfer Fund	3,652	-	-	-	3,652
Lamert Bursary Funds	60,255	19,089	(15,457)	-	63,887
	<u>163,907</u>	<u>62,562</u>	<u>(79,420)</u>	<u>-</u>	<u>147,049</u>

Company	Balance at 1 Sep 2020	Income	Expenditure	Gains & (Losses)	Balance at 31 Aug 2021
<u>Restricted</u>	£	£	£	£	£
Bursaries	100,000	13,473	(63,963)	-	49,510
Loretto Innovation Prize Fund	-	30,000	-	-	30,000
Paragolfer Fund	3,652	-	-	-	3,652
	<u>103,652</u>	<u>43,473</u>	<u>(63,963)</u>	<u>-</u>	<u>83,162</u>

For the year ended 31 August 2020

Group	Balance at 1 Sep 2019	Income	Expenditure	Gains & (Losses)	Balance at 31 Aug 2020
<u>Restricted</u>	£	£	£	£	£
Bursaries	-	127,000	(27,000)	-	100,000
Paragolfer Fund	3,842	-	(190)	-	3,652
Lamert Bursary Funds	63,334	17,458	(20,537)	-	60,255
	<u>67,176</u>	<u>144,458</u>	<u>(47,727)</u>	<u>-</u>	<u>163,907</u>

Company	Balance at 1 Sep 2019	Income	Expenditure	Gains & (Losses)	Balance at 31 Aug 2020
<u>Restricted</u>	£	£	£	£	£
Bursaries	-	127,000	(27,000)	-	100,000
Paragolfer Fund	3,842	-	(190)	-	3,652
	<u>3,842</u>	<u>127,000</u>	<u>(27,190)</u>	<u>-</u>	<u>103,652</u>

- Bursaries – to assist with the funding of School fees for pupils on a means tested basis
- Loretto Innovation Prize Fund – to encourage entrepreneurship and innovation at the School
- Paragolfer Fund – represents monies received towards the purchase of two paragolfer carts to enable disabled people to play golf
- Lamert Funds – represents monies earned by the Lamert Endowment Fund to be used for means tested bursaries and educational grants to former pupils

LORETTO SCHOOL LIMITED

Notes to the Consolidated Financial Statements - continued

For the year ended 31 August 2021

18. Commitments

It is anticipated that scholarships awarded by the School will exceed income generated by the scholarship fund in the coming year. The deficit will be funded by other School funds.

The total amounts payable in respect of hire purchase agreements for equipment and vehicles, up to the end of each lease, according to dates when payments are due, are:

Group and Company	2021	2020
	£	£
1 year	52,140	77,902
2 - 5 years	77,085	126,540
	<u>129,225</u>	<u>204,442</u>

19. Capital commitments

As at 31 August 2021, the school has no capital commitments.

20. Pension Schemes

The School operates two separate pension schemes. Teaching staff participate in the Scottish Public Pensions Agency (SPPA) scheme while non-teaching staff may participate in a Stakeholder scheme. In both cases the schemes and the assets held are administered separately from the School.

The SPPA scheme is an unfunded multi-employer defined benefit scheme so has no assets. The School is also unable to identify its share of the underlying liabilities of the scheme and therefore accounts for the contributions to the scheme as if it were a defined contribution scheme. As the scheme is unfunded there can be no surplus or shortfall. Pension contributions will be set by the scheme's actuary at a level to meet the cost of pension as they accrue. The employer contributions to the scheme increased from 17.2% to 23.0% on 1 September 2019. The employer contributions for 2020/21 were £719,940 (2020: £725,730). There were outstanding employer contributions at 31 August 2021 of £75,513 (2020: £81,438).

The latest full actuarial and funding valuation of the scheme was carried out on 31 March 2016. The results of the scheme were rolled forward to give an overall scheme liability of £48.2 billion at 31 March 2021 (2020: £43.5 billion).

Actuarial Assumptions at 31 March 2021

	2021	2020
Nominal discount rate	1.25%	1.80%
Rate of pension increases	2.22%	2.35%
Rate of general pay increases	3.72%	4.10%

The stakeholder scheme (defined contribution) is operated by Standard Life and the School operates this pension scheme in line with the auto enrolment rules with employee's contribution of 6% plus employer's contribution of 9%. The cost of employer contributions to this scheme in 2020/21 was £114,225 (2020: £113,916). There were outstanding employer contributions at 31 August 2021 of £18,439 (2020: £20,051).

LORETTO SCHOOL LIMITED
Notes to the Consolidated Financial Statements - continued
For the year ended 31 August 2021

21. Related Parties

Loretto School Limited undertook related party transactions with Loretto Enterprises Limited. Loretto Enterprises Limited is a wholly owned subsidiary. During the year, Loretto School Limited made £nil (2020: £600) of sales to Loretto Enterprises Limited and £19,979 (2020: £49,896) of purchases from Loretto Enterprises Limited. Loretto School Limited received a donation of £37,983 (2020: £26,416) from Loretto Enterprises in the year. At the balance sheet date, £22,392 (2020: £20,812) was due from The Loretto Foundation.

During the year some Governors had children attending Loretto School as per the below table. Any fee discounts, scholarships or bursaries awarded to children of Governors are awarded using the same process and criteria outlined in the School's admissions and awards booklet.

	2021	2020
Number of Pupils	3	3
Gross Fees Billed	£72,900	£72,295
Discounts on these bills	£6,885	£7,598
Outstanding Fees at year end	£2,136	-£302

During the year the school was gifted £nil by Other Related Parties (Loretto Foundation) to contribute to the funding of bursaries and to develop school facilities (2020: £17,000). Loretto Foundation is a separately constituted charity with separate control and governance, but shares a minority of trustees with Loretto School.

The remuneration of key management personnel is disclosed in note 6.

22. Contingent Liabilities

A counter-indemnity exists in favour of Clydesdale Bank Plc between Loretto Enterprises Limited and Loretto School Limited. As there is a net cash surplus for both companies, there is no overall group exposure under the cross guarantee at the year end.