

Loughborough Schools Foundation

Governors' Report and Financial Statements

For the year ended 31 August 2022
Registered company number 4038033
Registered charity number 1081765

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Governors' report

Introduction

The Foundation comprises four independent schools and one nursery, all located in Loughborough. The Loughborough Schools Foundation was regulated as a charity by a number of earlier schemes made by the Board of Education and the Charity Commission. On 20 July 2000 the charity was incorporated as a company limited by guarantee (number 4038033). At the same time, the former charitable trust was dissolved and the permanent endowment was placed within a new charitable trust (number 1081765). All Governors are Directors of the Loughborough Schools Foundation company and Trustees of the Charitable Trust formed on 28 July 2000. By order of the Charity Commission, these accounts consolidate the accounts of the Loughborough Schools Foundation Company limited by guarantee and the Loughborough Schools Foundation Charitable Trust.

Loughborough Grammar School (LGS) and Loughborough High School for Girls (LHS) were founded in 1495 and 1850 respectively. Fairfield Preparatory School became autonomous in 1969 having previously operated as the junior school of Loughborough High School. On 1 September 2015 Our Lady's Convent School (founded 1850) was subsumed into the Foundation thus becoming its fourth independent school; from 1 September 2018, the school changed its name to become Loughborough Amherst School (LAS). The Nursery, established by Loughborough Amherst School, opened in October 2016. Throughout the Governors' Reports and Financial Statements, the company and charitable trust are referred to collectively as the Foundation.

Trustees & Directors

Loughborough Schools Foundation is an educational charity administered by Governors who are also the Trustees of the Charity and Directors of the Company. The Governors who served during the year, and up to the date of this report except where indicated, were:

Co-opted Governors:

Dr M Aslam (appointed 1 September 2021)
Mr A Bowden (appointed 27 October 2022)
Mr J Cimurs (appointed 15 September 2022)
Mrs A Clark (appointed 5 September 2022)
Mrs E K Critchley
Professor A Dodson (resigned 17 March 2022)
Dr J Esson (appointed 1 September 2021)
Professor J Feather (resigned 17 March 2022)
Mr A Harris
Mr R Harrison, Foundation Chair from 5 September 2022
Mr K M Higginson (resigned 23 June 2022)
Air Vice-Marshal G Howard
Mr A D Jones, Foundation Chair 18 December 2021 to 4 September 2022
Mrs R J E Limb
Mr Simon Morris (appointed 5 September 2022)
Mrs A Murphy
Mrs G Richards (resigned 17 August 2022)
Mr S Shah
Mr P Snelling (resigned 22 September 2022)
Admiral Sir Trevor Soar (Foundation Chair to 17 December 2021, resigned as Governor 17 December 2021)
Mrs L Webb

Nominated Governor:

Sister C Leydon *Rosminian Sisters of Providence*

Company Secretary:

J W Doherty

Governors' report *(continued)*

All Governors give up their time freely and no remuneration was paid during the course of the year. Reasonable travelling and associated expenses were paid in accordance with Foundation policy. No Trustee/Director, or person connected with a Governor, received any benefit either from a means-tested Foundation bursary or a scholarship awarded to a pupil.

Registered Office:	3 Burton Walks Loughborough LE11 2DU
Professional Advisers:	
Bankers:	National Westminster Bank plc Market Place Loughborough LE11 3EA
Solicitors:	Veale Wasbrough Vizards Orchard Court Orchard Lane Bristol BS1 5DS Bird, Wilford and Sale 20 Church Gate Loughborough LE11 1UD
Auditors:	Cooper Parry Group Limited Sky View, Argosy Road East Midlands Airport Castle Donington Derby DE74 2SA
Employment Tax Adviser:	PKF Smith Cooper Prospect House 1 Prospect Place Derby DE24 8HG
Investment Advisers:	Charles Stanley & Co. Limited 25 Luke Street London EC2A 4AR
Insurance Broker:	Hayes Parsons Insurance Brokers Beacon Tower, Colston Street Bristol BS1 4XE
Land Managers:	Mather Jamie 3 Bank Court, Weldon Road Loughborough LE11 5RF

Governors' report (continued)

Objects

The object for which the Foundation is established is to advance education by carrying on in Great Britain a school or schools which may be day or boarding schools at which infants, children and students may obtain education and instruction in academic, sporting, musical, cultural, scientific, technical, religious, vocational, social and commercial subjects, activities and crafts of every description and by ancillary or incidental educational activities and other associated activities for the benefit of the community.

Structure, Governance and Management

The Governors determine the policies of the Foundation and the individual schools. The day-to-day management of educational, pupil development and pastoral issues is delegated to the Heads, supported by their senior staff. The Chief Operating Officer (COO) is answerable for the overall governance of the charity, and specifically responsible for the centralised functions of finance, human resources, estates and grounds management, health and safety, compliance, catering, network services, commercial activity, marketing and three subsidiary companies, he is also the Company and Charity Secretary. All of these functions are embedded within the Foundation. The Foundation is governed by its Memorandum and Articles of Association. The Heads and the COO attend Governors' meetings.

The Foundation is comprised of four schools:

Fairfield Preparatory School	-	for boys and girls aged 3-11 Headmaster: Mr A R Earnshaw, BA, NPQH
Loughborough Amherst School (incorporating Loughborough Nursery)	-	for boys and girls aged 6 weeks-18 Headmaster: Dr J Murphy, BA, DPhil (Oxon)
Loughborough Grammar School	-	for boys aged 10-18 Headmaster (Interim): Dr C A Barnett, ME (to 31 August 2022) Headmaster: Dr D Koch, BA, M.St, D.Phil (Oxon) (from 1 September 2022)
Loughborough High School	-	for girls aged 11-18 Headmistress: Dr F Miles (MA Cantab) MBBS

The schools are principally day schools. However, the Loughborough Grammar School also provides boarding facilities for 73 boys. Since September 2019, Loughborough Amherst School has provided boarding for up to 17 pupils (boys and girls) as part of the Foundation's partnership with the Lawn Tennis Association and University of Loughborough.

Membership of Relevant Professional Bodies

The Heads of Loughborough Amherst School, Fairfield Preparatory School, Loughborough Grammar School and Loughborough High School, are members of the CISC, IAPS, HMC, and GSA respectively. The COO is a member of the ISBA. All of these professional bodies are in membership of the Independent Schools' Council. Membership of these associations provides an opportunity to share expertise, knowledge and experience across the independent schools' sector. These professional associations also facilitate representation to the Government and regulators on the views of the sector.

Governor Recruitment and Training

The Board of Governors requires considerable breadth and depth of experience to carry out its duties effectively and efficiently. The Nominations Committee interviews prospective governors on a regular basis and maintains a list of prospective candidates to be called forward when vacancies arise and/or skill gaps in the Board become apparent. A skills matrix is maintained to inform recruitment and training priorities.

Governors' report (continued)

All Governors follow an induction programme on appointment including meetings with the School Heads, COO and relevant Chairs. All Governors are encouraged to attend external training to complement internal training provided. In addition to training for the governors as a whole, individual governors also receive training to support them in specific duties they undertake, for example safeguarding and finance. The Foundation is a member of the Association of Governing Bodies of Independent Schools (AGBIS) and Governors are encouraged to make use of the programme of conferences and seminars offered. A record of Governor training is held by the Secretary to the Board.

Governance and Committee Structure

The Board, through four functional committees, exercises the management and control of the Foundation and Schools. Additionally, an individual committee known as a 'School Board' operates for each of the Schools. As the functional committees have primacy, the four School Boards have limited executive powers but were constituted to ensure that school issues are appropriately raised at Foundation Board level.

A full review of the Governance structures, and in particular the size and composition of the Board and the role and composition of the School Boards was completed in March 2021, with implementation of the changes during 2021/22.

The committees in existence during the year were:

Four School Boards (Loughborough Amherst School, Fairfield Preparatory School, Loughborough Grammar School and Loughborough High School): School Boards are responsible for liaison on general matters and ensuring that school issues are represented at the appropriate functional committee and/or the Foundation Board. They have particular focus on academia and educational matters and provide the primary Governor/School interface, including representation to the ISI, in addition the Loughborough Amherst School Board exercises specific responsibilities for the Catholic life of the School. Each School Board is constituted with at least three Governors and meet on a termly basis.

The Finance Audit and Risk Committee remit is to monitor the financial performance of the Foundation and its constituent schools and to make recommendations to the Board accordingly. It oversees the external audit process as well as the programme of internal reviews and checks undertaken throughout the year, such as spot checks of the single central register, and safeguards the integrity of the Foundation's systems and internal controls. The committee is also responsible for risk management in the Foundation and for ensuring that the Foundation has a long-term financial plan, consistent with its overall strategic development and infrastructure plans. It exercises oversight of the Foundation's investments and reserves. The committee is constituted with at least three Governors and meet on a termly basis.

Operations and Compliance Committee: advises the Board on all matters relating to capital development, reactive and planned maintenance, maintenance of the grounds, human resources, networks services, catering and health and safety and compliance. The committee is constituted with at least three Governors and meet on a termly basis.

Remuneration Committee: Consisting of the four School Board Chairs, the Vice Chair and chaired by the Foundation Chair, it advises the Board on salaries and conditions of service for Foundation staff, teachers and schools' support staff. The committee has specific responsibility for determining the remuneration of the Foundation's senior officers. The committee meets annually.

The Nominations Committee: Consisting of the four School Board Chairs and chaired by the Foundation Chair, it advises the Board on the recruitment, selection and induction of new Governors. In doing so, it makes use of the policy on the recruitment, selection and induction of Governors. The committee meet twice a year or as necessary to consider applications from prospective governors and undertake succession planning.

The Board also receives reports from The Subsidiary Trading Board. The Subsidiary Trading Board has three Directors, one of whom is not a trustee of Loughborough Schools Foundation. The Directors are responsible for the legal oversight of the Foundation's incorporated subsidiaries, which are currently:

- Thomas Burton Developments Limited

Governors' report (continued)

- LSF Shop Ltd
- Loughborough Schools International (Qingdao) Limited (dormant)

Investment Policy/Performance:

The investment objectives are to generate the highest possible returns, which are commensurate with a low to medium level of risk. The Foundation does not specifically invest in ethical investments.

The bulk of the Foundation's investment portfolio is held in funds managed by Charles Stanley Wealth Managers who act as the investment adviser on this element of the portfolio. The majority of the remainder is managed by CCLA Investment Management Ltd.

The value of the portfolio decreased from £5,052,000 to £4,846,000, during the course of the year. The Finance, Audit and Risk Committee reviews the performance of the portfolio regularly, using the FTSE 100, the FTSE All share and the MSCI PIMFA Private Investor Balanced Indices to benchmark performance.

Reserves

The Governors have established a policy on the holding of reserves, which is constituted as follows:

- a. A sum equal to 10% of working capital which for the year 2021-22 was deemed to be £989,000 plus;
- b. A sum no less than 5% and no more than 10% of the designated in year CAPEX requirement which for the year 2021-22 was deemed to be £51,000.

The total funds held at the end of the reporting period were £67,970,000 and of this, £53,998,000 was either restricted or endowed, and therefore not available to be used for general purpose. The Foundation holds investments sufficient to match the restricted funds as represented by the Bursary Fund, A. & P. M. Shepherd Bequest, Dyson Bequest, Coltman Bequest, 'Johnnie Johnson' Award Fund, Wolfson Fund and the various prize and scholarship funds.

The combined requirement of the free reserve and restricted funds throughout the reporting period was £5,652,000. As at 31 August 2022 our liquid funds were £11,817,000 and therefore our policy was met.

STRATEGIC REPORT

Main Aims for the Year

The main aim for the year, together with an indication of the progress made, were:

1. AIM

Stability: Following two years of unprecedented disruption to the life of our schools, to provide a clear focus on the development of individual schools during 2021/22 and 2022/23. This will include the development (by Head and School Boards) of School Strategic Plans.

PROGRESS

2021/22 has been a year of great achievement. All four schools were judged excellent in all areas of a Foundation wide Independent Schools Inspectorate (ISI) Education Quality Inspection carried out in December 2021. The inspection found the academic achievement and personal development of pupils in all schools to be of the highest standards. Governors are delighted that the standard and quality of education and development provided across the Foundation received such strong external endorsement for which they are grateful to the significant efforts of both school and central support staff.

The COVID-19 pandemic has challenged many assumptions about how we work and how pupils learn. Enforced closures prompted a broader rethink about the potential of technology in education and accelerated the delivery of the Foundation Digital Transformation Strategy. A significant focus for our schools during the year has been the continued upgrading of infrastructure and information technology expertise that will ultimately enhance improvements in educational outcomes. The impact of this development was recognised in the ISI inspection which commended how "the use of mobile devices is seamlessly embedded as a learning tool because of forward thinking investment by governors in resources and training in the application of technology."

All three senior schools delivered strong academic results with a welcome return to external exams. Despite the disruption of Covid, results have shown an improvement on pre-pandemic attainment.

School internal self-evaluation, outcomes of the ISI inspections and exam analysis have informed the development of school strategic plans which will be finalised in early 22/23.

2. AIM

To ensure that the Foundation undertakes a thorough search and selection process to identify and appoint a new Head of Loughborough Grammar School and ensure a smooth and effective transition from the Interim Headmaster.

PROGRESS

Dr Daniel Koch was appointed as the permanent Headmaster following a rigorous recruitment and selection process undertaken by Governors. The appointment will further strengthen the academic development and outstanding reputation of the School.

3. AIM

To support the interim Headmaster of Loughborough Grammar School to achieve the agreed objectives and ensure continued progress during the interim year.

PROGRESS

Dr Christopher Barnett completed a successful interim Headship, achieving the objectives set by Governors. His commitment to lead Loughborough Grammar School during the year ensured strong academic performance and increased demand for school places.

4. AIM

To ensure the Foundation acts to address financial pressures and actions agreed as part of the post-Covid recovery strategy.

PROGRESS

A thorough review of activities and associated costs has been undertaken across the Foundation. The medium term financial plan is being reviewed and when implemented will further strengthen our financial position.

5. AIM

Following the difficult discussions surrounding the proposal to withdraw from the Teachers' Pension Scheme (TPS), the Board is committed to identifying and implementing ways to improve the visibility and engagement of the Governing Body with all staff. The Teaching Body in each school will meet regularly with the School Board Chair. The Foundation has also entered into a voluntary recognition agreement with NASUWT.

PROGRESS

Governors have sought to deliver on their commitment to develop engagement with staff through several ways. The implementation of staff forums with Governors in each school has provided a valuable conduit for information and developed a more detailed understanding of the Schools and their prevailing cultures. In response to staff voice, Governors approved flexible pension arrangements in the form of a 'tandem' scheme introduced from September 2022. Governors have continued to develop relations with NASUWT, working together to reach agreement on organisational issues and changes. A pay award for the two years to September 2024 has been agreed with staff. School Board Chairs meet regularly with their respective heads to improve partnership working and maintain high levels of communication.

6. AIM

Embed the revised committee structure and roles agreed following the Governance Review such that the new model is fully operational by September 2022.

PROGRESS

2021/22 was a year of transition to a new committee structure and roles. The Board has managed a reduction in governors from 22 to 16, the optimal board size determined by the internal review of governance. A key focus is developing an increasingly diverse Board in terms of demographic and professional diversity aligning the skills of Governors with the Foundation's strategic goals.

7. AIM

Ensure the Schools and Foundation take visible action to become a more diverse and inclusive organisation.

PROGRESS

The development of an Equality, Diversity and Inclusion (EDI) action plan aimed to make EDI central to the Foundation's culture. Governors have received regular reports to evidence progress against the plan. To support the vision for equality, an EDI Governor and an EDI lead on each School Board have been appointed and will be further developed in the year ahead. Additional training has been identified to provide the necessary knowledge and understanding of equality and diversity. This range of mechanisms is assisting Governors in their oversight of equality within the Foundation.

Teachers' Pension Scheme (TPS)

The Foundation withdrew from the TPS on 31 August 2021.

On 12 November 2021 the Foundation announced an agreement to operate a tandem pension scheme for teaching staff from 1 September 2022. This allowed teaching staff employed by the Foundation before 30 September 2022 to choose either TPS or APTIS as their pension scheme on a "total reward" basis. Teaching staff joining after 1 October 2022 will only be eligible to join APTIS.

The TPS Scheme closed to new members on 1 October 2022, when the Foundation joined the phased withdrawal TPS scheme.

Financial Review

Compared to the previous years that were affected by the Covid-19 pandemic, the Foundation benefited from a more stable operating environment in 2021-22. This led to a return to a positive net income before gains and losses on investments and transfers of £632,000, up from a net expenditure of £970,000 in the previous year. Higher income is the primary cause of this, having increased by £2.3 million as a result of increased income from tuition and boarding fees, as well as £378,000 in donation and legacies, which are held as restricted funds and spent in line with the donors' wishes. The Foundation was relatively shielded from the affects of increasing inflation during the year, with expenditure increasing by just £666,000 overall. Rising finance and catering costs were particularly noticeable and inflation remains an area of increasing concern for the upcoming financial year.

The turbulent financial markets experienced during the year had a negative impact on the Foundation's investments, which lost of £406,000. This limited the growth of the Foundation's balance sheet, but overall the position remains healthy with cash balances of £7.0 million and net current assets of £2.7 million. The Foundation spent £843,000 on new property plant and equipment during the year, which is significantly below the depreciation charge of £2.2 million. The Foundation's challenge for the future is ensuring that sufficient surpluses are made to continue to invest in the excellent facilities that are currently on offer.

The Foundation's two subsidiary companies had a mixed performance. The net profits from LSF Shop LTD fell to from £77,000 last year to £22,000, although this is because the Shop benefited from having two major "kit-outs" in the previous year. Thomas Burton Development LTD was able to start trading normally again, after the disruptions caused by the Covid-19 pandemic leading to net profit increasing from £49,000 last year to £123,000 in 2021-22. Profits from both companies are gifted to the parent charity.

Covid 19 Pandemic

Repayments for the CBILs loan (Coronavirus Business Interruption Loan Scheme) were made through 2021/22 but no funds were received in relation to the Covid 19 Pandemic.

Philanthropy and Alumni Relations

Loughborough Schools Foundation believe that fundraising from the Schools' core community (parents, alumni, staff, governors and friends) alongside that from external companies, trusts and foundations is essential to increase the financial resources required to achieve the Loughborough Schools Foundation's charitable objectives.

We aim to build a bursary fund that is large enough to enable bursary awards to be made available to all children from families who would otherwise not be able to afford the fees but who qualify to access the education we offer.

We wish to be acknowledged nationally as a school with thriving alumni contacts, fund raising achievements and using alumni mentoring activity and networks to further support the social mobility agenda.

A new Director of Development was appointed in October 2021. The School's Bursary Fund is growing as fundraising efforts and initiatives continue to bring in funds to support bursaries and to relieve hardship for parents where the pupil's education and future prospects would otherwise be at risk.

We have made good progress with plans to expand our fundraising efforts to be able to increase the number of means-tested bursaries and to support further capital developments. This year £378k was raised.

We are extremely grateful to all who have shown their generosity by donating. More detail on how this has been utilised can be found in the financial support section.

Grants and bursaries are awarded on the basis of educational ability and financial circumstances, subject to the restrictions imposed by the donor of the funds.

The charity uses an in-house team for the purpose of fund-raising and is fully registered with the Fundraising Regulator to which it pays the statutory fundraising levy and abides by their Fundraising Code of Practice.

There have been no failures to comply with the scheme or standards and no complaints received by the charity about its fundraising activities. The charity has taken all reasonable precautions to protect vulnerable people and other members of the public from unreasonably intrusive or persistent fundraising.

Pupil Numbers

The pupil numbers at the end of the year were 871 at Loughborough Grammar School, 515 at Loughborough High School, 538 at Fairfield Preparatory School and 321 at Loughborough Amherst School. An average of 107 children also attended the Nursery setting throughout the year, equivalent to 69.0 Full Time pupils.

Fees

Tuition fees were increased for the 2021/22 academic year, having held them during 2020/21, post Covid.

Tuition fees charged during the year by Loughborough Grammar School and Loughborough High School were £4,640 per term for years 6-9 (year 6 only at LGS), £4,714 per term for years 10-11 and £4,735 for years 12-13. At Fairfield Preparatory School fees were £3,800 per term (full time) for Kindergarten, £3,910 for Pre-Prep and £3,995 for Prep. At Loughborough Amherst School the fees were £3,545 per term for Pre-Prep, £3,630 per term for Prep. In the Senior School fees were £4,420 per term for years 7-9, £4,473 for years 10-11 and £4,515 for years 12-13.

Academic

This academic year was an important step back towards normality with the return to exams and other formal assessments. As we move back to pre-pandemic standards, the measures implemented by the Department for Education sought to ensure that pupils were not disadvantaged by the disruption the pandemic caused. Overall results were expected to be lower than in 2021 when teacher-assessed grades were used, but higher than in 2019 when summer exams were last held.

Students have shown superb resilience and maturity against a backdrop of lockdowns, remote learning and disrupted teaching together with uncertainty over the format of their GCSE and A-Level assessments.

At **Loughborough Amherst School**, 14% of the passes at A-Level were at grade A*, 33% at A*-A and 65% of the passes were at A*-B.

At GCSE 25% of the passes were at 9-8 grade, 37% of the passes were 9-7 grade and 75% were 9-5.

At **Loughborough Grammar School**, 30% of the passes at A-Level were at A*, 56% of the passes were at grade A*-A and 79% of the passes were at A*-B.

At GCSE 45% of the passes were at 9-8 grade, 66% of the passes were 9-7 grade and 93% were 9-5.

At **Loughborough High School** 33% of the passes at A-Level were at A*, 59% of the passes were at grade A*/A and 86% of the passes were A*/B.

At GCSE 65% were at 9-8 grade, 80% of the passes were 9-7 grade and 95% were 9-5.

Despite the uncertainties and disruption of the pandemic, our pupils continued to achieve success in securing places for further study. Of those applying for university places in 2022, 84% of pupils at Loughborough High School and 71% at Loughborough Grammar School were successful in obtaining places at their first choice institution.

We continue to successfully prepare pupils for the most competitive universities and courses. Across the Foundation, 31 pupils have gone on to study medical degrees (medicine, dentistry and veterinary sciences), 96 pupils have gone on to study at Russell Group Universities and 9 pupils have taken up places at Oxbridge Colleges to continue their studies. In addition, pupils also secured places at prestigious institutions to study music and drama, including the Royal Northern College of Music.

Fairfield Preparatory School continued to flourish and provided excellent outcomes for pupils. The December 2021, Independent Schools Inspectorate (ISI) Focused Compliance Inspection and Educational Quality Reports delivered impressive findings.

Fairfield Preparatory School has been judged to be fully compliant across all eight regulatory standards during a Focused Compliance Inspection, with no action points recommended within the report.

The Educational Quality Inspection focuses on the two key outcomes:

- The achievement of the pupils, including their academic development.
- The personal development of the pupils.

In both categories the school received the highest grade possible: Excellent.

Co-Curricular

Governors were delighted to see a full return of the sporting co-curricular offer. A key area of development has been fostering strategic partnerships to expand the club links programme and the addition of clubs from our partners Loughborough Town Badminton Club and Leicester Riders Basketball. As part of our aim for pupils to get the best possible experience of sport from the earliest possible age, we have broadened the range of activities on offer with clubs in gymnastics, dance, trampolining as well as girls rugby and football. We have also grown our swimming and triathlon clubs and the age ranges that these are offered to. The introduction of the Parkin strength and conditioning suite has provided students from all three senior schools for additional exercise opportunities at lunchtimes and after school. We are now looking to further grow the range of fitness classes in the fitness studio as we move into 2023.

The Music Department has been able to offer a full range of high-quality concerts this year. De Montfort Hall concert was a real highlight, with performances from the Symphonic Wind Band, String Ensemble, Symphony Orchestra and Choirs, with Y13 soloists representing the very best of musical talent. Al Fresco made a welcome return in July 2022 with four hours of back-to-back music, reaching an audience of well over 1000. Lunchtime concerts, Lunchtime Live and Soundbites continue to be extremely popular, and our aim was to extend this opportunity to the younger age groups to inspire a love of music. In September 2021 we introduced a pre-prep concert 'Minibites' and in the summer term 'KindieBites'. The Parish Church concert series Tasting Notes is a fantastic opportunity for our most able musicians and scholars to shine, and our other external events for example the Sax Ensemble performance at the switching on of the Loughborough Christmas Lights enabled us to contribute as fully as possible to the local community.

Employment

The Foundation is an equal opportunities employer; and has a responsible approach to employment legislation. The Foundation met the statutory requirements to provide a report on gender pay equality and will continue to monitor this area and make changes, when and where they are practicable.

The Foundation welcomes applications for employment from disabled persons and assists, whenever practicable and taking into account HR best practice, the recruitment, training, career development and promotion of disabled people. Should an employee become disabled during their employment we make all reasonable adjustments to ensure they can remain in employment; and where necessary facilitate re-training.

The Foundation encourages the continuous development and training of its employees and the provision of equal opportunities for the training and career development of all employees.

The Foundation is committed to engaging with its employees. A variety of methods are used to achieve this, including team meetings, Common Room briefings and our staff representative groups. Since early 2022 the Foundation has voluntarily recognised the trade union NASUWT.

Salaries

The arrangements for setting the pay and remuneration of the Foundation's key management personnel and any benchmarks, parameters or criteria used in setting their pay are detailed in note 8 in the notes to the financial statement.

Pension Costs

Teachers: On 31 August 2021 the Foundation left the Teachers' Pension scheme (TPS) and the default Foundation pension plan for teaching staff became the Aviva Pension Trust for Independent Schools (APTIS) this is a multi-employer defined contribution pension scheme.

The employer contribution rate for teachers for 2021/22 was 16.5% (2020/21 23.68%). The default employee contribution rate is 7% but can be varied by the employee. The pension charge for the year includes contributions payable to the Scheme of £1,874,000 (2021 £2,534,000).

The Foundation re-joined the TPS on 1 September 2022. From this date teachers have had the option of joining either the TPS or APTIS. From 1 October 2022 the TPS closed to new employees joining the Foundation with teaching staff only being eligible to join the APTIS.

Non-Teachers: The LSF Group Personal Pension Plan is operated by Royal London. The pension charge for the year includes contributions payable to the personal pension plans of £479,000.

Future Plans

The plans for the coming year include:

1. Development of school strategic plans to further the delivery of the overall Foundation strategy, building on 2021/22 successes.
2. Development of a long-term financial plan to underpin the sustainability of the Foundation that is aligned with the Foundation strategic plan and wider economic policy.
3. Support the new headmaster at Loughborough Grammar School to achieve agreed objectives.
4. To review the potential to extend the boarding provision across the Foundation exploring new markets and strategic partnerships.

5. To embed the Development Strategy to deliver a sustainable and collaborative approach to philanthropy, donor and alumni relationships supporting the Foundation to further deliver its Charitable Objectives.
6. To continue the implementation of the Digital Transformation Strategy and develop plans for the second phase of development.
7. Continue the focus on equality, diversity and inclusion (EDI) by embedding school-based EDI plans building upon the Foundation plan implemented in 2021.

Risk Management

The Trustees are responsible for the identification and management of the risks faced by the Foundation, including the individual schools. The day-to-day management of this requirement is delegated to the Finance, Audit and Risk Committee. Risks are identified and assessed; and controls and improvements are established, where possible, to mitigate the risks.

The Trustees have a risk management strategy which comprises:

- a differentiation between strategic and operational risks;
- clear management and review responsibilities for both operational and strategic risks, with first line and second review responsibilities identified and agreed;
- termly review of all risks by the Executive (Operational Risk) and Finance, Audit and Risk Committee (Strategic Risk);
- clear mechanism for the escalation of risks to the Governing Body;
- the establishment of policies, systems and procedures to mitigate those risks identified; and
- the implementation of procedures designed to minimise or manage any potential impact on the charity should those risk materialise.

The Trustees group risks into five categories:

- Governance – those risks which may arise from the direction, decision making or control environment. For example, the risk that governors or those charged with management may take a risk outside of their authority. Controls include the Foundation's strategy, which informs decision making, an established governance structure and a clear distinction between governance and executive management.
- Regulatory – these are those risks which relate to the market and environment in which the Foundation operates and which may influence our stakeholders and/or the Foundation's business model (e.g. any change in regulatory environment). To manage risks in this area, the Foundation has established mechanisms to analyse forecasts of potential changes in the charitable and education sectors, with the aim of anticipating regulatory change and implementing any mitigating actions.
- Financial – those risks which relate to income and expenditure and may impact the Foundation's financial sustainability. To manage these risks the Foundation has established a 10 year financial forecasting model, which enables it to model the impact of any changes to its income or expenditure and take appropriate action.
- Reputational – risks to the reputation of the Foundation may arise from the decisions and actions of the Foundation, those employed by it, or pupils at its schools. Should a reputational risk arise it could have an immediate or long-term impact on pupil numbers, and therefore the Foundation's finances. To manage these risks the Trustees have put in place appropriate policies and oversight mechanisms, including for academic quality and safeguarding.
- Operational – those risks arising from day-to-day operations of the Foundation and its schools, and usually related to an activity which cannot be avoided (e.g. security, health and safety). These risks therefore require active and on-going control by the executive and other managers. Each risk identified is owned by

a specified member of the executive and monitored on an on-going basis by those charged with management. These risks are managed by ensuring accreditation is up to date, having robust policies and procedures in place, and regular training for staff working in these operational areas.

Public Benefit

The Foundation exists to make a difference, not just to our pupils but to our wider community. As we moved into a new phase of the pandemic, 2021/22 provided greater opportunity for our schools, pupils and staff to serve the wider community.

The Governors confirm that they have complied with the duty in Section 4 of the Charities Act 2006 to have due regard to public benefit guidance published by the Charity Commission in determining the activities undertaken by the Charity.

The range of the activity, which is defined as public benefit is as follows:

Financial Support

The Governors are conscious of the long tradition of charitable provision, primarily in the form of bursaries, on the part of the Loughborough Schools Foundation and have maintained the status quo. These awards are financed mainly through general fee income, however this is augmented by the income derived from a small number of donations and bequest funds.

The schools which form the Foundation have a well-established tradition of providing excellent educational opportunities to children from the Loughborough and wider Leicestershire area. Governors remain committed to taking action to ensuring that support is available to those pupils who would benefit from the opportunities provided by the Foundation's schools, but whose parents may lack the financial means to meet the fees.

- Long-term Foundation Bursaries (School Assisted Places (SAPs)) are available to entrants to Loughborough Amherst School, Loughborough Grammar School and Loughborough High School, who meet the general entry requirements at the point at which the pupil enters the school. These awards are made on the basis of parental means and involve an assessment of those means. During the year 128 pupils received assistance amounting to £1,038,000. Of these 17 pupils received 100% fee remission. The awards are subject to annual review.
- A further 12 existing pupils were also given means-tested financial assistance in hardship bursaries amounting to £84,000. This assistance was awarded in circumstances in which it was believed that the assistance could be required for less than 12 months, although on many occasions, a longer period of time has proved necessary. A relatively high proportion of these pupils have also been given total fee remission. This number includes some Ukrainian families who we have offered 100% fee remission.
- In some instances of particular hardship financial assistance has also been provided towards ancillary costs, including lunches, transportation and school uniform. This comes from a separate funding source to the above.
- The Foundation also receives funds in the form of bequests or donations that are intended to support pupils meeting specific criteria set up the donor. This year £48,000 was awarded which benefited five pupils, two of whom also benefited from the Foundation Bursary programme.
- The total funding for assisted places was £1,170,000. This assistance was made available to 6.49% of the pupils and represents overall 3.8% of the tuition fee income.
- In addition to means tested assistance, the Foundation also makes a limited amount of funds available to recognise its scholars and to support a small number of gifted students through years 12-13.

- The total amount of financial assistance (funded places and scholarships combined), excluding staff fee remission, expended during the year was £1,307,000. This represents 4.3% of the tuition fee income.
- Where appropriate we work with families to support them to access funding from other charitable sources. As these are funded externally this funding is not included here.
- The figures which have been quoted in the preceding part of this section are the direct costs of providing financial assistance to pupils. These figures do not include the significant costs of the management time at various levels of dealing with and processing these awards, or the cost of targeted advertising which aims to stimulate applications from those who are eligible.

Educational

The Foundation has continued this year to widen access to its educational resources and facilities, by bringing independent and state school communities together.

Educational Experiences

Our commitment to learning extends beyond those pupils who attend our schools. The Foundation supports educational initiatives in a number of local schools. We believe this interchange is mutually beneficial providing opportunities for an exchange of ideas between our staff and those working in local schools, and for our pupils to mix, learn and work alongside pupils from other schools, and develop their awareness of the wider community in which they live.

Loughborough Grammar School supported Year 10 students from Woodbrook Vale School to enter a STEM project for national STEM competitions. Through the STEM Sunday initiative, students from Woodbrook Vale School came in during the Autumn and Spring terms and worked with staff from Loughborough Grammar School and STEM ambassadors to complete their entries. One of the three teams from Woodbrook Vale School made it through to the finals of the TeenTech competition and all teams managed to secure a Silver CREST award. Loughborough Grammar School also carried out the STEM Leaders award with 60 Year 5 students at St Bartholomew's, and 74 Year 4 & 5 students from Falcons Primary School in Leicester. The students met the NAO robot and completed the STEM Leaders award.

Loughborough Amherst School delivered a workshop to over 180 pupils from local state schools to help them develop their debating skills, developing higher order thinking and critical thinking skills. The schools worked with their pupils and six teams returned for a final debating contest hosted by Loughborough Amherst School. The event was valued by the primary partners and feedback evidenced that pupils were really inspired and schools saw an increase in interest in their debate clubs.

Loughborough Grammar School, working with local primary partners and home-schooled children, hosted visits to experience in-school drama productions. Local secondary pupils were able to benefit from Splendid Productions' Dr Faustus and take part in workshops to extend and provoke their idea of what theatre is, supporting them to build cultural capital.

Educational Expertise – Educational Training and Support

As the Trustees of an education charity, Governors recognise the importance of sharing not only our physical resources, but also the expertise and experience of our staff, to support local schools and other organisations.

The pandemic has thrown a spotlight on social and educational inequality. Research is giving clear evidence that the disruption in childrens' learning over the last 18 months has caused gaps to widen. By working with our local partners, we are helping young people in our community by providing access to further educational and enrichment opportunities.

In 2021/22 we were delighted to return to hosting masterclasses in maths, science and ancient languages for the benefit of over 150 local state school pupils. Loughborough High School supported 100 local state school pupils in

their preparation for higher education and hosted over 200 secondary schools in the region, to learn from and boost entrance to Oxbridge.

Our approach to partnership working was reflected in other aspects of our work during 2021/22, including:

- PGCE and graduate students – a number of Universities were supported to undertake placements at our schools. This requires a commitment of time to support those training, and to report as required by the placement programme.
- NVQ students were supported with placements at Fairfield Preparatory School.
- A number of teaching and support staff are supported by the Foundation to be governors at local schools. The Foundation allows them time to fulfil their duties.

Community

The Foundation is a well-established part of the wider community of Loughborough and Leicestershire, and where the Foundation can support other parts of the community, it is delighted to do so. The Foundation contributes facilities and expertise in the following areas:

Music

The Music department was delighted to be able to provide support to a variety of community events and groups across the year, including:

- Church concert series, supporting the church community by providing musicians to perform
- Loughborough Open Music Competitions - offering nearly 200 young musicians the opportunity to compete and showcase their talents
- Supporting local events and charities including providing performers for the Rainbows Christmas Concert; opening of the Loughborough Fair and singing session for a local charity supporting adults with disabilities
- Weekly open access community choir

Sharing our Facilities

Throughout the year, the Foundation made its grounds and facilities available, free of charge, to local groups, societies and local charities, many on a weekly basis. In 2021/22 these included:

- Loughborough Lightning - Netball training and tournament. Indoor sports centre and outdoor courts
- Loughborough Town Cricket - Pitches at LGS and Quorn for matches
- Leicester Riders Basketball - Indoor sports centre
- Army Reserves - LGS Sports Hall, weekly use
- Scouts Group - LGS Scout Hut, weekly use
- Loughborough Badminton Club (Juniors) - LGS Sports Hall
- Syston Rugby Club - Quorn rugby pitches and pavilion.
- Rainbows It's a Knock Out event
- Robbie's Rugby Festival – charity event raising funds for the Robbie Anderson Cancer Trust
- Leicestershire Chess Championships – local school competition

Reduced rate of facility use was provided to the following organisations as below, with the Foundation providing security, caretaking and event support at its own cost:

- Tom Flowers Cricket Camp - Holiday courses. LGS Sports Hall.

Volunteering

The Foundation is committed to ensuring that as well as providing academic education, our pupils learn the importance of playing a positive role in their community. To this end, we provide many opportunities for staff and students to engage in voluntary roles within the community, including local primary schools and care homes. Students from all three Senior Schools participate in the school's voluntary service unit, supporting local organisations.

Our schools host units of the Rainbows, Brownies, Guides and Scouts. Supported by Foundation staff, pupils and parents these groups play a role in the community in community events and volunteering.

Pupils from all three senior schools support the local community through volunteering as part of the Duke of Edinburgh Awards. Activities that pupils have engaged in include working in local charity shops, assisting with merchandise at Rainbows Hospice and supporting elderly people in the local community.

As a community benefit, Loughborough Amherst School, provided pupils and staff to assist with the running of the Loughborough parkrun twice a year and support the local swimming club providing coaching and officials for galas.

Charitable Donations and Fundraising

As well as giving of time, pupils at our family of schools are strongly engaged in fundraising for a wide variety of causes, and understand that their efforts help to change the lives of many people of all ages who are less fortunate than themselves. This begins at our Preparatory Schools with our youngest children raising money for local, national and international causes through a variety of activities. Pupils from across the Foundation raised £28,700 through a variety of events including non-uniform days, bake sales, and competitions.

Loughborough Amherst School	£5,902
Fairfield Preparatory School	£6,414
Loughborough Grammar School	£6,697
Loughborough High School	£9,685

Within the senior schools, activities are led by a dedicated team of Senior Charity prefects. Senior pupils in all three schools support the collection and distribution of food items donated by pupils at all four schools via harvest festivals and other events to local community groups including the Ukraine Appeal, The Falcon Centre appeal for the Homeless, Christmas cakes for Connaught House and the Salvation Army Toy Appeal.

Economic Impact

In addition to the public benefit arising from the Foundation's charitable activities, the Foundation makes a significant positive contribution to the local economy.

In 2021/22 it employed on average 708 people, and 81.4% of the £18.3 million paid in salaries (£17.2 million in 2020/21) remained in Leicestershire, with an estimated 97.2% remaining in the East Midlands.

We support local businesses. In 2021/22 our total direct spend was circa £7.8 million (£6.6 million in 2020/21), of which £3.2 million was spent in the East Midlands economy.

We estimate that in providing an education to more than 2,245 local children, the exchequer collectively save more than £11.6 million a year which it would otherwise cost to educate those children in local maintained schools.

Section 172 Statement

The Trustees have acted in a way in which they consider, in good faith, promoted the success of the Foundation for the benefit of all beneficiaries and wider stakeholder groups. The ways in which they have done this are described in further detail throughout this report, specifically:

Stakeholder	Section
Employees	Page 11 ("Employment")
Beneficiaries	Pages 9-10 (Academic) and Pages 13-14 ("Financial Support")
Community	Pages 15-16 ("Public Benefit")
Economic benefit	Page 16 ("Economic Impact")

Carbon Report

UK Greenhouse gas emissions and energy use data for the period 1 September 2021 to 31 August 2022:

	2021/22	2020/21 (Restated due to missing figures)
Energy consumption used to calculate emissions (kWh)	10,386,484	10,510,440
Energy consumption breakdown (kWh) :		
• gas	7,638,434	8,279,614
• electricity	2,656,960	2,184,082
• transport fuel	91,090	46,744
Scope 1 emissions in metric tonnes CO ₂ e		
Gas consumption	1,404.48	1,522.37
Owned transport – mini-buses	11.47	6.68
Total Scope 1	<u>1,415.95</u>	<u>1,529.06</u>
Scope 2 emissions in metric tonnes CO ₂ e		
Purchased electricity	540.16	508.00
Scope 3 emissions in metric tonnes CO ₂ e		
Business travel in employee owned vehicles	4.48	1.08
Total gross emissions in metric tonnes CO ₂ e	1,960.59	2,038.14
Intensity ratio Tonnes CO ₂ e per pupil	0.87	0.91

Quantification and reporting methodology

We have followed the 2019 HM Government Environmental Reporting Guidelines. We have also used the GHG Reporting Protocol – Corporate Standard and have used the 2020 UK Government's Conversion Factors for Company Reporting.

Intensity measurement

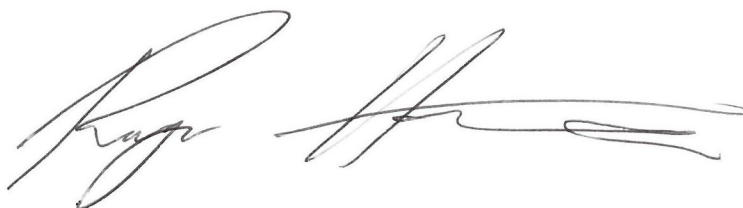
The chosen intensity measurement ratio is total gross emissions in metric tonnes CO₂e per pupil, the recommended ratio for the sector.

Measures taken to improve energy efficiency

We have installed smart meters across all sites and increased video conferencing technology to facilitate staff to work from home and not travel to work for meetings.

Approved by the Board on 1 December 2022 and signed on its behalf by:

Roger Harrison
Chairman

A handwritten signature in dark ink, appearing to read 'Roger Harrison', written over a light blue horizontal line.

Trustees' responsibilities statement

The Trustees (who are also directors of Loughborough Schools Foundation for the purposes of company law) are responsible for preparing the Governors' Annual 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 Trustees to prepare financial statements for each financial year, which give a true and fair view of the state of affairs of the charitable company and of the incoming resources and application of resources, including the income and expenditure, of the charitable company for that period. In preparing these financial statements, the Trustees are required to:

- select suitable accounting policies and then apply them consistently;
- observe the methods and principles in the charities SORP 2019 (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 charitable company will continue in operation.

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

In so far as the Trustees are aware:

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

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

INDEPENDENT AUDITOR'S REPORT

TO THE MEMBERS OF LOUGHBOROUGH SCHOOLS FOUNDATION

Opinion

We have audited the financial statements of Loughborough Schools Foundation ("the company") and its subsidiaries ("the group") for the year ended 31 August 2022 which comprise the Consolidated Statement of Financial Activities, the Consolidated and Parent Company Balance Sheets, the Cashflow Statement and the related notes including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice) including Financial Reporting Standard 102 'The financial Reporting Standard applicable in the UK and Republic of Ireland' and the Charities SORP 2019.

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 2022 and of the incoming resources and application of resources, including its income and expenditure, for the year ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice;
- have been prepared in accordance with the requirements of the Companies Act 2006.

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 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 Foundation'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 Governors are responsible for the other information. The other information comprises the information included in the Governors' report, other than the financial statements and our audit report thereon. 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.

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

We have nothing to report in this regard.

INDEPENDENT AUDITOR'S REPORT

TO THE MEMBERS OF LOUGHBOROUGH SCHOOLS FOUNDATION

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) for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the Governors' Report and Strategic 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 parent charitable company and its environment obtained in the course of the audit, we have not identified material misstatements in the Governors' Report and the Strategic Report.

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

- adequate accounting records have not been kept by the parent charitable company, 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 Governors' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit

Responsibilities of Governors

As explained more fully in the Statement of Governors' Responsibilities set out on page 19, the Governors (who are Trustees of the charitable company for the purpose of charity law and the directors of the 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 groups' and 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 company or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the 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.

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:

INDEPENDENT AUDITOR'S REPORT

TO THE MEMBERS OF LOUGHBOROUGH SCHOOLS FOUNDATION

Our assessment focussed on key laws and regulations the Foundation has to comply with and areas of the financial statements we assessed as being more susceptible to misstatement. These key laws and regulations included but were not limited to compliance with the Companies Act 2006, Charities Act 2011, taxation legislation, data protection, anti-bribery and employment legislation.

We are not responsible for preventing irregularities, including fraud. Our approach to detecting irregularities, including fraud, included, but was not limited to, the following:

- obtaining an understanding of the legal and regulatory framework applicable to the Foundation and how the Foundation is complying with that framework, including agreement of financial statement disclosures to underlying documentation and other evidence;
- obtaining an understanding of the Foundation's control environment and how the Foundation has applied relevant control procedures, through discussions with management and by performing walkthrough testing over key areas;
- obtaining an understanding of the Foundation's risk assessment process, including the risk of fraud;
- reviewing meeting minutes of those charged with governance throughout the year; and
- performing audit testing to address the risk of management override of controls, including testing journal entries and other adjustments for appropriateness, evaluating the business rationale of significant transactions outside the normal course of business and reviewing accounting estimates for bias.

Whilst considering how our audit work addressed the detection of irregularities, we also considered the likelihood of detection of fraud based on our approach. Irregularities arising from fraud are inherently more difficult to detect than those arising from error.

Because of the inherent limitations of an audit, there is a risk that we will not detect all irregularities, including those leading to a material misstatement in the financial statements or non-compliance with regulation. This risk increases the more that compliance with a law or regulation is removed from the events and transactions reflected in the financial statements, as we will be less likely to become aware of instances of non-compliance. The risk is also greater regarding irregularities occurring due to fraud rather than error, as fraud involves intentional concealment, forgery, collusion, omission or misrepresentation.

A further description of our responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website at: www.frc.org.uk/auditorsresponsibilities. This description forms part of our Auditors' report.

INDEPENDENT AUDITOR'S REPORT

TO THE MEMBERS OF LOUGHBOROUGH SCHOOLS FOUNDATION

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. Our audit work has been undertaken so that we might state to the charitable company's members those matters we are required to state to them in an 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 and the charitable company's members as a body, for our audit work, for this report, or for the opinions we have formed.

A handwritten signature in black ink that reads "Cooper Parry Gray Limited". The signature is written in a cursive, flowing style.

Simon Atkins FCA
Senior Statutory Auditor

For and on behalf of:

COOPER PARRY GROUP LIMITED
Chartered Accountants
Statutory Auditors

Date: 12 / 12 / 2022

Sky View, Argosy Road, East Midlands Airport, Castle Donington, Derby, DE74 2SA

**Consolidated statement of financial activities
for the year ended 31 August 2022**

	Note	Unrestricted income Funds £000	Restricted income funds £000	Endowed funds £000	2022 Total funds £000	2021 Total funds £000
Income and endowments from:						
Donations and legacies	3	-	377	-	377	111
Other trading activities	4	528	-	-	528	523
Investments	5	122	96	-	218	138
Charitable activities	6	31,897	897	-	32,794	31,018
Other		186	-	-	186	45
Total income and endowments		32,733	1,370	-	34,103	31,835
Expenditure on:						
Raising funds:						
Financing costs	9	314	-	-	314	135
Trading operations	9	382			382	395
Charitable activities	9	30,637	1,063	1,075	32,775	32,275
Total expenditure		31,333	1,063	1,075	33,471	32,805
Net income/(expenditure) before gains/(losses) on investments and transfers		1,400	307	(1,075)	632	(970)
Gain/(Loss) on sale of investments		-	(1)	10	9	11
Gain/(Loss) on investment assets	11	-	(184)	(222)	(406)	907
Net income/(expenditure) before transfers		1,400	122	(1,287)	235	(52)
Transfers between funds		7	2	(9)	-	-
Net movements in funds		1,407	124	(1,296)	235	(52)
Reconciliation of funds						
Total funds brought forward		12,565	5,255	49,915	67,735	67,786
Total funds carried forward		13,972	5,379	48,619	67,970	67,735

All incoming resources and resources expended derive from continuing operations.

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

The notes on pages 29 to 52 form part of these financial statements.

Consolidated summary income and expenditure accounts
for the year ended 31 August 2022

	<i>Note</i>	2022	2021
		£000	£000
Income from charitable related activities		33,358	31,174
Income from non-charitable trading activities		527	523
Interest and investment income	5	218	138
Gain on sale of investment assets	19	-	-
		<hr/>	<hr/>
Gross income in the reporting period		34,103	31,835
		<hr/>	<hr/>
Expenditure on charitable activities		(30,597)	(30,078)
Expenditure on non-charitable trading activities	9	(382)	(395)
Interest payable		(314)	(135)
Depreciation and charges for impairment of fixed assets		(1,103)	(1,013)
		<hr/>	<hr/>
Total expenditure in the reporting period		(32,396)	(31,621)
		<hr/>	<hr/>
Net income for the year		1,707	214
		<hr/>	<hr/>

The income for the year arises from continuing activities.

A detailed analysis of the subsidiaries' trading results are set out in note 4.

Detailed analysis of the expenditure is provided in the statement of financial activities and note 9.

The summary income and expenditure account excludes endowed funds and unrealised gains/(losses) in accordance with Companies Act 2006. The account is derived from the statement of financial activities on page 24 which together with the notes to the financial statements provides information on the movement during the year of the funds of the group.


The notes on pages 29 to 52 form part of these financial statements.

Consolidated balance sheet
at 31 August 2022

	Note	2022	2021
		£000	£000
Fixed assets			
Tangible assets	10	64,993	66,363
Investments	11	4,846	5,052
		<u>69,839</u>	<u>71,415</u>
Current assets			
Stock	12	254	282
Debtors	13	715	536
Cash at bank and in hand		6,971	6,391
		<u>7,940</u>	<u>7,209</u>
Liabilities: amounts falling due within one year			
Creditors	14	(5,170)	(5,185)
		<u></u>	<u></u>
Net current assets		<u>2,770</u>	<u>2,024</u>
Total assets less current liabilities		<u>72,609</u>	<u>73,439</u>
Creditors: amounts falling due after more than one year	15	(4,424)	(5,316)
Provisions for liabilities			
Provisions	16	(215)	(388)
		<u></u>	<u></u>
Net assets		<u>67,970</u>	<u>67,735</u>
Funds			
Endowed funds	18	48,619	49,915
Restricted income funds	18, 19	5,379	5,255
Unrestricted income funds	18	13,972	12,565
		<u>67,970</u>	<u>67,735</u>
Total funds		<u>67,970</u>	<u>67,735</u>

The financial statements were approved by the board of directors on 1 December 2022 and were signed on its behalf by:

Roger Harrison
Chairman



Company registered number: 4038033

The notes on pages 29 to 52 form part of these financial statements.

Charitable balance sheet
at 31 August 2022

	Note	2022 £000	2021 £000
Fixed assets			
Tangible assets	10	64,987	66,354
Investments	11	4,846	5,052
		<u>69,833</u>	<u>71,406</u>
Current assets			
Stock	12	54	48
Debtors	13	1,137	743
Cash at bank and in hand		6,683	6,311
		<u>7,874</u>	<u>7,102</u>
Liabilities: amounts falling due within one year			
Creditors	14	(5,098)	(5,069)
		<u>2,776</u>	<u>2,033</u>
Net current assets			
		<u>72,609</u>	<u>73,439</u>
Total assets less current liabilities			
		<u>72,609</u>	<u>73,439</u>
Creditors: amounts falling due after more than one year	15	(4,424)	(5,316)
Provisions for liabilities			
Provisions	16	(215)	(388)
		<u>67,970</u>	<u>67,735</u>
Net assets			
		<u>67,970</u>	<u>67,735</u>
Funds			
Endowed funds	18	48,619	49,915
Restricted income funds	18, 19	5,379	5,255
Unrestricted income funds	18	13,972	12,565
		<u>67,970</u>	<u>67,735</u>
Total funds			
		<u>67,970</u>	<u>67,735</u>

The financial statements were approved by the board of directors on 1 December 2022 and were signed on its behalf by:

Roger Harrison
Chairman



Company registered number: 4038033

The notes on pages 29 to 52 form part of these financial statements.

Consolidated statement of cash flows
for the year ended 31 August 2022

	<i>Note</i>	2022 £000	2021 £000
Net cash flow from operating activities			
Net cash flow (used)/provided by operating activities	<i>20</i>	1,529	2,959
Cash flows from investing activities			
Purchase of property, plant and equipment	<i>10</i>	(843)	(1,093)
Purchase of investments	<i>11</i>	(492)	(187)
Proceeds from sale of investments	<i>11</i>	292	108
Dividends, interest and rents received from investments	<i>5</i>	218	138
Net cash used in investing activities		704	1,925
Cash flows from financing activities			
Repayment of finance leases		(124)	(124)
New loan		-	-
Net cash generated in financing activities		(124)	(124)
Change in cash and cash equivalents in the reporting period		580	1,801
Cash and cash equivalents at the beginning of the reporting year		6,391	4,590
Cash and cash equivalents at the end of the reporting year		6,971	6,391

The notes on pages 29 to 52 form part of these financial statements.

Notes

(forming part of the financial statements)

1 Accounting Policies

Loughborough Schools Foundation is a company limited by guarantee and is incorporated and domiciled in the United Kingdom. The address of the registered office is given in the charity information on page 2 of these financial statements. The nature of the charity's operation and principal activities is to provide a day or boarding school for boys and girls of all ages.

The charity constitutes a public benefit entity as defined by FRS 102. The financial statements have been prepared in accordance with Accounting and Reporting by Charities: Statement of Recommended Practice applicable to charities preparing their accounts in accordance with the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS 102), the Charities Act 2011, the Companies Act 2006 and UK Generally Accepted Practice.

The financial statements are prepared on a going concern basis under the historical cost convention, modified to include certain items at fair value. The financial statements are prepared in sterling which is the functional currency of the charity and rounded to the nearest £'000.

The significant accounting policies applied in the preparation of these financial statements are set out below. These policies have been consistently applied to all years presented unless otherwise stated.

Basis of consolidation

The group financial statements are the result of the consolidation of the financial statements of the company and its subsidiaries LSF Shop Limited, Thomas Burton Developments Limited and Loughborough Schools International (Qingdao) Limited (dormant). The financial statements of all companies are made up to 31 August 2022.

No separate SoFA has been presented for the charity alone following exemptions afforded by the Companies Act 2006 and the SORP (FRS 102).

Fund accounting

Funds held by the charitable company are either:

- **Unrestricted general funds** – these are funds, which can be used in accordance with the charitable objects at the discretion of the directors.
- **Restricted funds** – these are funds that can only be used for particular restricted purposes within the objects of the charitable company. Restrictions arise when specified by the Memorandum and Articles of Association, or the donor, or when funds are raised for particular restricted purposes.
- **Permanent endowed funds** – these are the land and buildings of the schools and investments, which are not free for disposal without replacement.

Income recognition

All incoming resources are included in the Statement of Financial Activities (SoFA) when the charity is legally entitled to the income after any performance conditions have been met, the amount can be measured reliably and it is probable that the income will be received.

Fees receivable

Fees receivable are accounted for in the period to which they relate. Each year an overall amount of 5% of the fees received is allocated to the bursary fund. The fees receivable are stated after deducting scholarships and other remissions granted by the charitable company; however, the stated fees include the contributions received from restricted funds for bursaries and other grants.

Notes (continued)

Investment income

Investment income is earned through holding assets for investment purposes such as shares and property. It includes dividends, interest and rent. Where it is not practicable to identify investment management costs incurred within a scheme with reasonable accuracy the investment income is reported net of these costs. It is included when the amount can be measured reliably. Interest income is recognised using the effective interest method and dividend and rent income is recognised as the charity's right to receive payment is established.

Donations

Donations received for the general purposes of the schools are credited to unrestricted funds. Donations subject to specific wishes of the donors are carried to the relevant restricted fund or to the endowed fund.

Trading income

Trading income, including income from LSF Shop Limited and Thomas Burton Developments, is included when receivable.

Government Grants

Income from the Coronavirus Job Retention Scheme (CJRS) is recognised as grant income in the period it relates to using the accruals method.

Expenditure recognition

All expenditure is accounted for on an accruals basis and has been classified under headings that aggregate all costs related to the category. Expenditure is recognised where there is a legal or constructive obligation to make payments to third parties, it is probable that the settlement will be required and the amount of the obligation can be measured reliably. It is categorised under the following headings:

- Expenditure on raising funds
- Expenditure on charitable activities

Other expenditure represents those items not falling into the categories above.

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

Governance costs include those costs associated with meeting the constitutional and statutory requirements of Loughborough Schools Foundation and its subsidiaries, this includes audit fees.

All costs are allocated between the expenditure categories of the Statement of Financial Activities on a basis designed to reflect the use of the resource. Costs relating to a particular activity comprise both costs that can be allocated directly to such activities and those costs of an indirect nature necessary to support them.

Irrecoverable VAT is charged as an expense against the activity for which expenditure arose.

Redundancy / termination payments

All redundancy and termination payments are recognised within the year.

Notes (continued)

Tangible fixed assets

The freehold land and buildings were re-valued as at 31 August 2014 and on adoption of FRS 102 SORP this was taken as "deemed cost".

Tangible fixed assets are stated at cost (or deemed cost) or valuation less accumulated depreciation and accumulated impairment losses. Cost includes costs directly attributable to making the asset capable of operating as intended.

Depreciation is provided on all tangible fixed assets, at rates calculated to write off the cost, less estimated residual value, of each asset on a systematic basis over its expected useful life as follows:

Freehold land and listed buildings	-	No depreciation charge
Other freehold buildings	-	5 – 50 years
Furniture and fittings	-	10 years
Equipment	-	4 – 10 years

Items costing less than £500 are written off as an expense when acquired.

Investment properties

Investment properties for which fair value can be measured reliably without undue cost or effort are measured at fair value at each reporting date with changes in fair value recognised in '(loss)/gains' on revaluation of investments' in the SoFA. No depreciation is charged on investment properties in accordance with the Charities SORP.

Fixed asset investments

Investments are recognised initially at fair value which is normally the transaction price excluding transaction costs. Subsequently, they are measured at fair value with changes recognised in 'gains/(losses)' on revaluation of investments' in the SoFA. Realised gains and losses are calculated as the difference between sale proceeds and original cost.

Stock

Stocks are stated at the lower of cost and estimated selling price less costs to complete and sell. Cost includes all costs of purchase, costs of conversion and other costs incurred in bringing stock to its present location and condition. Cost is calculated using the first-in, first-out formula. Provision is made for damaged, obsolete and slow-moving stock where appropriate.

Operating Leases

Operating lease rentals are charged to the statement of financial activities on a straight-line basis over the period of the lease.

Hire Purchase Contracts & Finance Leases

Assets obtained under hire purchase contracts and finance leases are capitalised as tangible fixed assets. Assets acquired by finance lease are depreciated over the shorter of the lease term and their useful lives. Assets acquired by hire purchase are depreciated over their useful lives. Finance leases are those where substantially all of the benefits and risks of ownership are assumed by the company. Obligations under such agreements are included in creditors net of the finance charge allocated to future periods. The finance element of the rental payment is charged to the profit and loss account so as to produce a constant periodic rate of charge on the net obligation outstanding in each period.

Deferred income

Prepaid fees are held as creditors until the start of the term to which they relate. They are then transferred to the statement of financial activities and recognised as income.

Taxation

Loughborough Schools Foundation is exempt from income tax and capital gains tax under Section 505 ICTA1988.

Notes (continued)

Pension schemes

Teachers' Pension Scheme

The Foundation withdrew from the TPS on 31 August 2021, on 1 September 2022 the Foundation re-joined the TPS. The TPS is an unfunded scheme and contributions are calculated so as to spread the cost of pensions over employees' working lives in such a way that the pension cost is a substantially level percentage of current and future pensionable payroll. The contributions are determined by the Government Actuary on the basis of quinquennial valuations using a prospective unit credit method. As stated in Note 24, the TPS is a multi-employer scheme and there is insufficient information available to use defined benefit accounting. The TPS is therefore treated as a defined contribution scheme for accounting purposes and the contributions recognised in the period to which they relate.

Defined Contribution Scheme

The School pays contributions on behalf of its support and teaching staff, into two defined contribution pension schemes, which are managed independently of the finances of the School. The schemes are operated on a defined contribution basis, and therefore no surpluses or deficits will arise. Contributions are charged against expenditure in the year in which they fall due.

Going concern

The financial statements have been prepared on a going concern basis as the Trustees believe that no material uncertainties exist. The Trustees have considered the level of funds held and the expected level of income and expenditure for 12 months from authorising these financial statements. After taking into consideration the effects of COVID-19 and the cost of living crisis, Governors are still satisfied that the budgeted income and expenditure is sufficient with the level of reserves for the charity to be able to continue as a going concern.

Limited by guarantee

Each member of the charitable company undertakes to contribute to such amount as may be required but not exceeding £10.

Re-statement of prior year figures

Where prior year figures are re-stated, the reason will be stated in the notes section of the accounts.

2 Judgements and key sources of estimation uncertainty

The group makes estimates and assumptions concerning the future. The Governors are also required to exercise judgement in the process of applying the charitable company's accounting policies. Estimates and judgements are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are addressed below:

In preparing these financial statements, the directors have made the following judgements:

Leases

The group determines whether leases entered into by the group either as a lessor or a lessee are operating or finance leases. These decisions depend on an assessment of whether the risks and rewards of ownership have been transferred from the lessor to the lessee on a lease by lease basis based on an evaluation of the terms and conditions of the arrangements, and accordingly whether the lease requires an asset and liability to be recognised in the statement of financial position.

Notes (continued)

Investment properties

Critical estimates, assumptions and judgements relate to the determination of the carrying value of investment properties at fair value. In determining this, the group applies the overriding concept that fair value is the amount for which an asset can be exchanged between knowledgeable willing parties in an arm's length transaction. The nature, facts and circumstances of the investment drives the valuation methodology.

Recoverability of trade debtors

Trade and other receivables are recognised to the extent that they are judged recoverable. Management reviews are performed to estimate the level of reserves required for irrecoverable debt. Provisions are made specifically against invoices where recoverability is uncertain.

Management makes allowance for doubtful debts based on an assessment of the recoverability of debtors. Allowances are applied to debtors where events or changes in circumstances indicate that the carrying amounts may not be recoverable. Management specifically analyse historical bad debts, customer creditworthiness, current economic trends and changes in customer payment terms when making a judgement to evaluate the adequacy of the provision for doubtful debts. Where the expectation is different from the original estimate, such difference will impact the carrying value of debtors and the charge in the statement of financial activities.

Depreciation and residual values

Management have reviewed the asset lives and associated residual values of all fixed asset classes, and have concluded that asset lives and residual values are appropriate.

The actual lives of the assets and residual values are assessed annually and may vary depending on a number of factors. In re-assessing asset lives, factors such as technological innovation, product life cycles and maintenance programmes are taken into account. Residual value assessments consider issues such as future market conditions, the remaining life of the asset and projected disposal values.

3 Donations and legacies

	Unrestricted £000	Restricted £000	2022 £000
Donations	-	377	377
Legacies	-	-	-
	<hr/>	<hr/>	<hr/>
	-	377	377
	<hr/>	<hr/>	<hr/>
	Unrestricted £000	Restricted £000	2021 £000
Donations	-	111	111
Legacies	-	-	-
	<hr/>	<hr/>	<hr/>
	-	111	111
	<hr/>	<hr/>	<hr/>

Notes (continued)

4 Other trading activities before consolidation

The Foundation owns the entire share capital of The LSF Shop Limited and Thomas Burton Development Limited. Both subsidiaries covenant any taxable profits to the Foundation. The trading results for the year ended 31 August 2022 for both entities, as extracted from their audited accounts, are summarised below and all relate to unrestricted funds.

	The LSF Shop Ltd £000	Thomas Burton Development Ltd £000	Total 2022 £000	Total 2021 £000
Turnover	353	175	528	523
Cost of sales	(260)	(1)	(261)	(294)
	<hr/>	<hr/>	<hr/>	<hr/>
Gross profit	93	174	267	229
Administration	(70)	(50)	(120)	(109)
Other operating income	-	-	-	8
	<hr/>	<hr/>	<hr/>	<hr/>
Operating profit	23	124	147	128
Interest payable	(1)	(1)	(2)	(2)
	<hr/>	<hr/>	<hr/>	<hr/>
Net profit	22	123	145	126
Retained reserves bought forward	-	-	-	(8)
Covenant	(22)	(123)	(145)	(118)
	<hr/>	<hr/>	<hr/>	<hr/>
Retained reserves carried forward	-	-	-	-
	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>

The aggregate amounts of assets, liabilities, share capital and reserves were:

	The LSF Shop Ltd £000	Thomas Burton Development Ltd £000	Total 2022 £000	Total 2021 restated £000
Non-current assets	-	6	6	9
Current assets	356	158	514	338
Creditors: amounts falling due within one year	(356)	(164)	(520)	(347)
	<hr/>	<hr/>	<hr/>	<hr/>
Net current liabilities	-	(6)	(6)	(9)
Creditors: amounts falling due after more than one year	-	-	-	-
	<hr/>	<hr/>	<hr/>	<hr/>
Net liabilities	-	-	-	-
	<hr/>	<hr/>	<hr/>	<hr/>
Share capital and reserves	-	-	-	-
	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>

Notes (continued)

Lease costs of £10,290 per annum are payable by LSF shop to the Foundation until expiration of the lease on 1 March 2026.

5 Investment income

	Unrestricted £000	Restricted £000	2022 £000	2021 £000
Bank interest receivable	32	41	73	26
Investment income	75	55	130	93
Rental income	15	-	15	19
	<hr/>	<hr/>	<hr/>	<hr/>
	122	96	218	138
	<hr/>	<hr/>	<hr/>	<hr/>
2021	81	57		
	<hr/>	<hr/>		

6 Charitable activities

School income receivable comprised:

	2022 £000	2021 £000
Tuition fees	29,611	28,392
Boarding fees	1,600	1,192
Bursary awards and grants	(897)	(1,072)
Bursary awards and grants paid for by restricted funds	897	1,142
	<hr/>	<hr/>
	31,211	29,654
	<hr/>	<hr/>
Government Grants	-	219
Catering receipts	1,234	968
Other fees & grant	349	177
	<hr/>	<hr/>
	32,794	31,018
	<hr/>	<hr/>

School income was £32,794,000 (2021: £31,018,000) of which £31,897,000 (2021: £29,876,000) was attributable to unrestricted funds and £897,000 (2021: £1,142,000) was attributable to restricted funds.

Tuition fees for the year include £897,000 (2021: £1,072,000) transferred to restricted fund bursaries.

Bursary awards, grants and scholarships were made to 177 pupils (2021: 246) from restricted funds.

Notes (continued)

7 Charitable net income is stated after charging:

	2022	2021
	£000	£000
Auditor's remuneration:		
For audit	34	29
For other services	5	4
Governors' professional liability insurance	9	9
Depreciation of tangible fixed assets	2,213	2,231
	<hr/>	<hr/>
Staff costs		
Wages and salaries	18,181	17,496
Social security costs	1,836	1,632
Pension contributions	2,348	2,989
	<hr/>	<hr/>
	22,365	22,117
	<hr/>	<hr/>

The number of employees whose contracts were terminated and who left our employment within the financial year totalled three.

The average number of employees in the year was 708 (2021: 679) of whom 282 (2021: 275) were teaching staff. Neither the governors nor persons connected with them received any remuneration or other benefits from the charitable company or any connected organisation.

The number of employees whose emoluments exceeded £60,000 was:

	2022	2021
£60,001 - £70,000	13	8
£70,001 - £80,000	6	4
£80,001 - £90,000	2	1
£90,001 - £100,000	-	1
£100,001 - £110,000	-	2
£110,001 - £120,000	1	1
£120,001 - £130,000	1	1
£130,001 - £140,000	2	1
£140,001 - £150,000	-	-
£150,001 - £160,000	-	-
£160,001 - £170,000	1	-
	<hr/>	<hr/>
	26	19
	<hr/>	<hr/>

Contributions were made to the Teachers' Pension scheme, which is a defined benefit scheme for no higher paid employees (2021: 14). Contributions were paid to a defined contribution pension scheme for 25 employees (2021: 5). One employee was not a member of any pension scheme.

Notes (continued)

8 Governors and key management personnel remuneration and expenses

The Governors consider that they, together with the Heads of the four schools and the COO comprise the Key Management Personnel. The Governors give of their time freely and the pay and remuneration of the Heads and the COO is set by the Remuneration Committee and is kept under annual review. A number of criteria are used in setting pay:

- Nature of the role and responsibilities
- Competitor salaries in the region
- The sector average salary for comparable positions
- Trends in pay

The total amount of employee benefits received by key management personnel is £831,000 (2021 : £838,000).

The Trustees neither received nor waived any remuneration during the year (2021: £NIL).

Notes (continued)

9 Analysis of total resources expended

	Staff costs £000 (note 7)	Other £000	Depreciation £000 (note 10)	Total 2022 £000	Total 2021 £000
Cost of generating funds					
Trading	93	285	4	382	395
Financing	-	314	-	314	135
	<u>93</u>	<u>599</u>	<u>4</u>	<u>696</u>	<u>530</u>
Charitable expenditure					
Teaching costs	16,878	2,206	-	19,084	19,053
Welfare costs	325	-	-	325	283
School meals and catering	593	1,006	-	1,599	1,371
Premises	1,511	2,041	2,209	5,761	5,565
Support costs	2,818	1,839	-	4,657	4,475
Financial Assistance including Bursaries and Scholarships		1,032	-	1,032	1,237
Governance costs	240	77	-	317	291
	<u>22,365</u>	<u>8,201</u>	<u>2,209</u>	<u>32,775</u>	<u>32,275</u>
Total expenditure	<u>22,458</u>	<u>8,800</u>	<u>2,213</u>	<u>33,471</u>	<u>32,805</u>

Governance costs are an apportionment of the relevant peoples' salaries with regard to the long term strategic planning of the charitable company.

Resources expended total £33,471,000 (2021: £32,805,000) of which the split between funds is as follows;

	Staff costs £000	Other £000	Depreciation £000	Total 2022 £000	2021 £000
Unrestricted funds	22,458	7,768	1,107	31,333	30,353
Restricted funds	-	1,032	31	1,063	1,268
Endowment funds	-	-	1,075	1,075	1,184
Total expenditure	<u>22,458</u>	<u>8,800</u>	<u>2,213</u>	<u>33,471</u>	<u>32,805</u>

Bursaries and scholarship costs of £1,032,000 (2021: £1,237,000) have been charged directly to restricted funds.

Notes (continued)

10 Consolidated tangible fixed assets

	Freehold land and Buildings £000	Furniture and fittings £000	Equipment £000	Total £000
Cost or valuation				
Balance at 1 September 2021	73,906	2,386	9,514	85,806
Additions at cost	258	131	454	843
Transfer between classes	(54)	52	2	-
	<hr/>	<hr/>	<hr/>	<hr/>
At end of year	74,110	2,569	9,970	86,649
	<hr/>	<hr/>	<hr/>	<hr/>
Depreciation				
Balance at 1 September 2021	(9,308)	(1,819)	(8,316)	(19,443)
Charge for year	(1,499)	(125)	(589)	(2,213)
	<hr/>	<hr/>	<hr/>	<hr/>
At end of year	(10,807)	(1,944)	(8,905)	(21,656)
	<hr/>	<hr/>	<hr/>	<hr/>
Net book value				
At 31 August 2022	63,303	625	1,065	64,993
	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>
At 31 August 2021	64,598	567	1,198	66,363
	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>

The parent charitable company has elected, in accordance with S35 10(d) of FRS 102, to use the carrying value on 1 September 2014, the date of transition to FRS 102, of any of the above freehold land and buildings previously carried at a valuation as their deemed cost.

The value of the playing fields and listed buildings, which are not depreciated, at the end of the year was £1,600,000 (2021: £1,600,000) and £4,260,000 (2021: £4,260,000) respectively.

No value is included for land other than playing fields. The site is an integral part of the scholastic entity comprising mainly educational buildings for which no alternative purchaser is foreseen. As a consequence, any valuation of the site is impracticable at reasonable expense.

All assets are held for use on charitable activities.

The net book value of assets held under finance leases or hire purchase contracts, included above, are as follows:

	2022 £000	2021 £000
Equipment	-	199
Depreciation	-	49
	<hr/> <hr/>	<hr/> <hr/>

Notes (continued)

Charitable company tangible fixed assets

	Freehold land and buildings £000	Furniture and fittings £000	Equipment £000	Total £000
Cost or valuation				
Balance at 1 September 2021	73,906	2,386	9,498	85,790
Additions at cost	258	131	454	843
Transfer between classes	(54)	52	2	-
	<hr/>	<hr/>	<hr/>	<hr/>
At end of year	74,110	2,569	9,954	86,633
	<hr/>	<hr/>	<hr/>	<hr/>
Depreciation				
Balance at 1 September 2021	(9,308)	(1,819)	(8,309)	(19,436)
Charge for year	(1,499)	(125)	(586)	(2,210)
	<hr/>	<hr/>	<hr/>	<hr/>
At end of year	(10,807)	(1,944)	(8,895)	(21,646)
	<hr/>	<hr/>	<hr/>	<hr/>
Net book value				
At 31 August 2022	63,303	625	1,059	64,987
	<hr/>	<hr/>	<hr/>	<hr/>
At 31 August 2021	64,598	567	1,189	66,354
	<hr/>	<hr/>	<hr/>	<hr/>

The net book value of assets held under finance leases or hire purchase contracts, included above, are as follows:

	2022 £000	2021 £000
Equipment	-	199
Depreciation	-	49
	<hr/>	<hr/>

Notes (continued)

11 Investments

Consolidated and charitable company	Freehold property £000	Listed and managed investments £000	Total £000
Balance at 1 September 2021	1,081	3,971	5,052
Disposal of property	-	-	
Additions at cost	-	492	492
Disposals		(292)	(292)
Change in market value of investments	129	(535)	(406)
	<hr/>	<hr/>	<hr/>
Balance at 31 August 2022	1,210	3,636	4,846
	<hr/>	<hr/>	<hr/>

The listed and managed investments of £3,636,000 (2021: £3,971,000) comprise £1,071,000 (2021: £1,139,000) investment in CCLA's charitable funds and £2,565,000 (2021: £2,833,000) investments directly listed in the United Kingdom.

There were no investments that constituted over 5% of the market value of the listed investment portfolio.

The freehold property has been revalued based on the independent valuations by qualified chartered surveyors, which were completed in March 2021 for buildings and August 2022 for land.

12 Stocks

	2022		2021	
	Consolidated £000	Charitable company £000	Consolidated £000	Charitable Company £000
Stocks	54	54	48	48
Subsidiaries' stocks	200	-	234	-
	<hr/>	<hr/>	<hr/>	<hr/>
	254	54	282	48
	<hr/>	<hr/>	<hr/>	<hr/>

Notes (continued)

13 Debtors

	2022		2021	
	Consolidated	Charitable Company	Consolidated	Charitable company
	£000	£000	£000	£000
Fees receivable	191	191	123	123
Other debtors	499	499	389	389
Trade debtors	25	-	24	-
Due from group undertakings	-	447	-	231
	<u>715</u>	<u>1,137</u>	<u>536</u>	<u>743</u>

14 Creditors: amounts falling due within one year

	2022		2021	
	Consolidated	Charitable company	Consolidated	Charitable Company
	£000	£000	£000	£000
Prepaid fees	2,101	2,101	1,747	1,747
Fee guarantees	80	80	74	74
Taxation and social security	509	502	484	474
Net obligations under hire purchase contracts	-	-	124	124
Mortgage obligation	28	28	28	28
CBILs loan	1,000	1,000	1,000	1,000
Other creditors	998	933	1,339	1,234
Accruals	454	454	389	388
	<u>5,170</u>	<u>5,098</u>	<u>5,185</u>	<u>5,069</u>

Net obligations under hire purchase contracts are secured on the assets to which they relate. Fee guarantees are repayable when pupils leave. Other creditors include £312,000 (2021: £303,000) of outstanding pension contributions.

Notes (continued)

15 Creditors: amounts falling due after one year

	2022		2021	
	Consolidated	Charitable Company	Consolidated	Charitable Company
	£000	£000	£000	£000
Fee guarantees	805	805	785	785
Prepaid Fees	116	116	-	-
Mortgage obligation	586	586	614	614
CIBLs loan	2,917	2,917	3,917	3,917
	4,424	4,424	5,316	5,316

Analysis of Mortgage Loan

Repayments are due as follows:	2022	2021
	£000	£000
Amounts falling due:		
• Within one year	28	28
• Between one and two years	28	28
• Between two and five years	558	586
• After five years	-	-
	614	642

Lender	Term	Security	Interest Rate
HSBC Bank plc	7 years	85 Castledine Street	Variable, charged at 1.55% over base rate

The terms of the mortgage allow repayment without incurring any penalty.

Analysis of CBILS Loan

Repayments are due as follows:	2022	2021
	£000	£000
Amounts falling due:		
• Within one year	1,000	1,000
• Between one and two years	1,000	1,000
• Between two and five years	1,917	2,000
• After five years	-	917
	3,917	4,917

Lender	Term	Security	Interest Rate
Natwest Bank PLC	6 years	Six residential properties owned by the Foundation, along with the Parkin Sports Hall.	1 year interest free, interest rate after 1 year 2.37% over base rate

Notes (continued)

16 Provisions

	Legal Costs	Compliance	Total
	£000	£000	£000
Balance at 1 September 2021	102	286	388
Charged in year	74	47	121
Utilised/released in year	<u>(71)</u>	<u>(223)</u>	<u>(294)</u>
	105	110	215

Legal costs relate to provisions to defend both known and potential litigation regarding employment matters and capital projects. These are expected to be resolved by the end of the 2022/23 financial year.

Compliance provisions relate to potential risks that have been identified but were not fully resolved by the year end. They are currently expected to be largely resolved by the end of the 2022/23 financial year.

17 Hire purchase and finance leases

Minimum lease payments under hire purchase fall due as follows:

	2022		2021	
	Consolidated	Charitable company	Consolidated	Charitable Company
	£000	£000	£000	£000
Within one year	-	-	124	124
Between 1-5 years	-	-	-	-
	<u>-</u>	<u>-</u>	<u>124</u>	<u>124</u>

Notes (continued)

18. Analysis of net assets between funds 2022

	Tangible Fixed assets	Investments	Net current assets/ (liabilities)	Non current (liabilities) and provisions	Total
	£000	£000	£000	£000	£000
Restricted income funds					
Bursary fund	-	-	600	-	600
Burton bursaries 2	-	-	226	-	226
A & PM Shepherd bequest	-	775	1,292	-	2,067
HS Gym Equipment	136	-	-	-	136
BF Dyson bequest	-	156	168	-	324
Parkin bequest	387	-	-	-	387
Coltman bequest	-	8	178	-	186
Wolfson bequest	-	126	53	-	179
GN Harvey fund	12	-	-	-	12
Bancroft bequest	-	-	66	-	66
Steinway Appeal	62	-	-	-	62
Prize funds	-	8	23	-	31
Scholarships	-	138	138	-	276
New Grammar School CCF Building	100	-	-	-	100
The Old Loughburian Benevolent fund	-	140	(10)	-	130
OLAFOC fund	-	-	70	-	70
Donations restricted fund	-	-	88	-	88
Cockrell bequest	-	137	17	-	154
Lorraine Simmons Scholarship	-	195	58	-	253
Huston Bequest	24	0	8	-	32
Total restricted income funds	721	1,683	2,975	-	5,379
Unrestricted income funds	18,817	-	(322)	(4,523)	13,972
Endowed funds	45,455	3,163	1	-	48,619
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	64,993	4,846	2,654	(4,523)	67,970
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Notes (continued)

Analysis of net assets between funds 2021

	Tangible Fixed assets	Investments	Net current assets/ (liabilities)	Non current (liabilities)	Total
	£000	£000	£000	£000	£000
Restricted income funds					
Bursary fund	-	-	600	-	600
Burton bursaries 2	-	-	188	-	188
A & PM Shepherd bequest	-	873	1,292	-	2,165
HS Gym Equipment	62	-	-	-	62
BF Dyson bequest	-	172	167	-	339
Parkin bequest	396	-	-	-	396
Coltman bequest	-	9	174	-	183
Wolfson bequest	2	150	53	-	205
GN Harvey fund	14	4	-	-	18
Bancroft bequest	-	-	65	-	65
Steinway Appeal	67	-	-	-	67
Prize funds	-	10	21	-	31
Scholarships	-	149	138	-	287
New Grammar School CCF Building	102	-	-	-	102
The Old Loughburian Benevolent fund	-	145	(9)	-	136
OLAFOC fund	-	-	72	-	72
Donations restricted fund	-	-	151	-	151
Cockrell bequest	-	164	24	-	188
Total restricted income funds	643	1,676	2,936	-	5,255
Unrestricted income funds	19,181	-	(912)	(5,704)	12,565
Endowed funds	46,539	3,376	-	-	49,915
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
	66,363	5,052	2,024	(5,704)	67,735
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>

Notes (continued)

19 Movement on restricted funds 2022

	Balance at 1 September 2021 £000	Incoming £000	Outgoing £000	Transfer and adjustment £000	Investment gains on revaluation £000	Investment gains on sales £000	Balance at 31 August 2022 £000
Bursary fund	600	897	(897)	-	-	-	600
Burton bursaries	188	66	(15)	(13)	-	-	226
A & PM Shepherd bequest	2,165	52	(52)	-	(98)	-	2,067
HS Gym Equipment	62	-	(12)	86	-	-	136
BF Dyson bequest	339	8	(8)	-	(15)	-	324
Parkin bequest	396	-	(9)	-	-	-	387
Coltman bequest	183	5	-	-	(2)	-	186
Wolfson bequest	205	7	(9)	-	(24)	-	179
GN Harvey fund	18	-	(1)	-	(5)	-	12
Bancroft bequest	65	1	-	-	-	-	66
Steinway Appeal	67	-	(5)	-	-	-	62
Prize funds	31	-	-	-	-	-	31
Scholarships	256	45	(14)	-	(11)	-	276
New Grammar School CCF Building	102	-	(2)	-	-	-	100
The Old Loughburian Benevolent fund	136	4	(5)	-	(5)	-	130
OLAFOC	72	1	(3)	-	-	-	70
Donations restricted fund	151	25	(15)	(73)	-	-	88
Cockrell bequest	188	7	(14)	-	(27)	-	154
Lorraine Simmons Scholarship	-	250	-	-	3	-	253
Huston Bequest	31	1	-	-	-	-	32
Total	5,255	1,369	(1,061)	-	(184)	-	5,379

The Foundation's restricted funds are made up of donations and bequests from individuals and organisations that come with conditions on how they are used. These conditions can typically be summarised as:

- Bursaries, which provide financial assistance with fees to pupils in need;
- Scholarships, which fund and part fund the tuition fees for particularly gifted pupils;
- Funding new facilities and equipment for the school, such as the Parkin Sports Centre, which was part funded from the Parkin bequest, and the Steinway pianos, which were part funded by an appeal to current parents and alumni. These assets remain restricted once purchased, with the restricted fund reduced each year in line with the depreciation of the asset; and
- Prize funds to celebrate the success of our pupils.

As part of the Foundation's deeds, a proportion of fees received should be used to provide bursaries to pupils in need of financial assistance for fees. The percentages for this year were 6% for Loughborough Grammar School and Loughborough High School, and 1% for Fairfield Preparatory School. These fees are the noted as Bursary Funds above, with £897,000 of support provided during the year.

Notes (continued)

During 2021-22 the Foundation received a donation of £250,000 to create the Lorraine Simmons Scholarship, which will be used to fund the secondary education of children at either Loughborough Grammar School or Loughborough High School.

Movement on restricted funds 2021

	Balance at 1 September 2020 £000	Incoming £000	Outgoing £000	Transfer and adjustment £000	Investment gains on revaluation £000	Investment gains on sales £000	Balance at 31 August 2021 £000
Bursary fund	600	1,072	(1,072)	-	-	-	600
Burton bursaries	171	47	(30)	-	-	-	188
A & PM Shepherd bequest	2,022	29	(29)	1	142	-	2,165
HS Gym Equipment	69	-	(8)	1	-	-	62
BF Dyson bequest	306	7	(6)	-	32	-	339
Parkin bequest	402	2	(8)	-	-	-	396
Coltman bequest	185	1	(3)	-	-	-	183
Wolfson bequest	173	2	(7)	(2)	39	-	205
GN Harvey fund	19	-	(1)	-	-	-	18
Bancroft bequest	65	1	-	(1)	-	-	65
Steinway Appeal	72	-	(5)	-	-	-	67
Hammersley bequest	-	-	-	-	-	-	-
Prize funds	29	2	-	-	-	-	31
Scholarships	260	94	(84)	-	17	-	287
New Grammar School CCF Building	105	-	(3)	-	-	-	102
The Old Loughburian Benevolent fund	117	4	(5)	(1)	21	-	136
OLAFOC	74	-	(2)	-	-	-	72
Donations restricted fund	154	44	(3)	(44)	-	-	151
Cockrell bequest	142	3	-	-	43	-	188
Total	4,965	1,308	(1,266)	(46)	294	-	5,255

Notes (continued)

20 Reconciliation of net income to net cash flow from operating activities

	2022	2021
	£000	£000
Cash flows from operating activities		
Net Income/(expenditure) for the reporting period (as per the statement of financial activities)	235	(52)
Adjustment for:		
Depreciation charge	2,213	2,231
Dividends, interest and rents received from investments	(218)	(138)
Decrease/(increase) in stock	28	20
Decrease/(increase) in debtors	(179)	708
Increase/(decrease) in creditors	(783)	630
Increase/(decrease) in provisions	(173)	388
Gain/(loss) on revaluation of investments	406	(828)
Net cash (used)/provided by operating activities	1,529	2,959

21 Analysis of changes in net debt

	Balance at 31 August 2021	Cash Flows	Non Cash Flows	Balance as at 31 August 2022
	£000	£000	£000	£000
Cash	6,390	581	-	6,971
Loans falling due within one year	(1,028)	1,028	(1,028)	(1,028)
Loans falling due after more than one year	(4,531)	-	1,028	(3,503)
Finance lease obligations due within one year	(124)	124	-	-
Finance lease obligations due after more than one year	-	-	-	-
Totals	707	1,733	-	2,440

Notes (continued)

22 Pensions

The Teachers' Pension Scheme (TPS) is a statutory, contributory, defined benefit scheme, governed by the Teachers' Pension Scheme Regulations 2014. All teachers have the option to opt-out of the TPS following enrolment.

The TPS is an unfunded scheme to which both the member and employer makes contributions, as a percentage of salary - these contributions are credited to the Exchequer. Retirement and other pension benefits are paid by public funds provided by Parliament.

Valuation of the Teachers' Pension Scheme

The Government Actuary, using normal actuarial principles, conducts a formal actuarial review of the TPS in accordance with the Public Service Pensions (Valuations and Employer Cost Cap) Directions 2014 published by HM Treasury every 4 years. The aim of the review is to specify the level of future contributions. Actuarial scheme valuations are dependent on assumptions about the value of future costs, design of benefits and many other factors. The latest actuarial valuation of the TPS was carried out as at 31 March 2016. The valuation report was published by the Department for Education on 5 March 2019. The key elements of the valuation and subsequent consultation are:

- employer contribution rates set at 23.68% of pensionable pay (including a 0.08% administration levy);
- total scheme liabilities (pensions currently in payment and the estimated cost of future benefits) for service to the effective date of £218,100 million and notional assets (estimated future contributions together with the notional investments held at the valuation date) of £196,100 million, giving a notional past service deficit of £22,000 million;
- the SCAPE rate, set by HMT, is used to determine the notional investment return. The current SCAPE rate is 2.4% above the rate of CPI. assumed real rate of return is 2.4% in excess of prices and 2% in excess of earnings. The rate of real earnings growth is assumed to be 2.2%. The assumed nominal rate of return including earnings growth is 4.45%.

The next valuation result is due to be implemented from 1 April 2024.

The employer's pension costs paid to TPS in the period amounted to £Nil (2021: £2,534,000), as the Foundation was not a member of the TPS during the year.

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

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

23 Governor's expenses

In connection with their role as governors of the charitable company, three governors received reimbursement amounting to £1,652 (2021: £469) for expenses incurred.

Notes (continued)

24 Operating Leases

As at 31 August 2022 the charitable company had future minimum lease payments under non-cancellable operating leases as follows:

	2022	2021
	£000	£000
Expiry date:		
Within 1 year	144	138
Between 2 and 5 years	201	251
Greater than 5 year	-	-
Total	345	389

25 Related Party Transactions

During the year recharges of £55,000 (2021: £54,000) were charged to subsidiary undertakings.

Profits of £145,000 (2021: £118,000) were gift aided to the school in line with covenants.

Included within debtors on the charitable balance sheet are amounts owed from group undertakings of £447,000 (2021: £231,000) of which £145,000 (2021: £118,000) relates to a loan which is repayable within one year, and is subject to interest at 0.5% per annum. During the year interest of £1,000 (2021: £1,000) was charged on loan accounts with group undertakings.

The transactions were made in the normal course of business.

26 Capital Commitments

There were no significant capital commitments at the end of the financial year.

27 Post Balance Sheet Events

The Foundation withdrew from the TPS on 31 August 2021.

On 12 November 2021 the Foundation announced an agreement to operate a tandem pension scheme for teaching staff from 1 September 2022. This allowed teaching staff employed by the Foundation before 30 September 2022 to choose either TPS or APTIS as their pension scheme on a "total reward" basis. Teaching staff joining after 1 October 2022 will only eligible to join APTIS.

On 1 September 2022 the Foundation re-joined the TPS. The TPS Scheme closed to new members on 1 October 2022 when the Foundation joined the phased withdrawal TPS scheme.

28 Controlling party

The Governors consider that the company has no controlling party.

Notes *(continued)*

29 Company

Loughborough Schools Foundations has three wholly owned subsidiary undertakings which have been included in the consolidated financial statements.

Thomas Burton Developments Ltd has called up share capital of £2; LSF Shop Ltd has called up share capital of £2. The third subsidiary, Loughborough Schools International (Qingdao) Limited was incorporated on 11 March 2020 and is considered dormant as at 31 August 2022 and has called up share capital of £100.

The subsidiary registered offices are the same as for Loughborough Schools Foundation which can be found on page 2 of the Governors' report.